

1	BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION		
	COMMISSION		
2	WASHINGTON UTILITIES AND)	
	TRANSPORTATION COMMISSION,)	
3)	
	Complainant,)	Docket No. UT-930957
4)	
	vs.)	
5)	
	U S WEST COMMUNICATIONS, INC.,)	
6)	
	Respondent.)	
7	-----)	
	WASHINGTON UTILITIES AND)	
8	TRANSPORTATION COMMISSION,)	
)	
9	Complainant,)	Docket No. UT-931055
)	
10	vs.)	
)	
11	U S WEST COMMUNICATIONS, INC.,)	
)	
12	Respondent.)	
	-----)	
13	WASHINGTON UTITLIES AND)	
	TRANSPORTATION COMMISSION,)	
14)	
	Complainant,)	Docket No. UT-931058
15)	
	vs.)	Volume 4
16)	
	U S WEST COMMUNICATIONS, INC.,)	Pages 494 - 571
17)	
	Respondent.)	
18	-----)	

19

20 A hearing in the above matter was held on

21 May 4, 1994 at 9:30 a.m., at 1300 South Evergreen Park

22 Drive Southwest, Olympia, Washington, before

23 Administrative Law Judge ELMER CANFIELD.

24 The parties were present as follows:

25 Cheryl Macdonald, CSR, Court Reporter

1 WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION STAFF, by GREGORY TRAUTMAN, Assistant
3 Attorney General, 1400 South Evergreen Park Drive
4 Southwest, Olympia, Washington 98504.

5 US WEST COMMUNICATIONS, INC., by
6 EDWARD T. SHAW, and MOLLY HASTINGS, Corporate Counsel,
7 P.O. Box 21225, Seattle, Washington 98111.

8 TCA, PUGET SOUND CHAPTER, and TRACER, by
9 ARTHUR A. BUTLER, Attorney at Law, 1201 Third Avenue,
10 Suite 2850, Seattle, Washington 98101.

11 DEPARTMENT OF INFORMATION SERVICES, by
12 ROSELYN MARCUS, Assistant Attorney General, 905 Plum
13 Street, Building 3, P.O. Box 40100, Olympia,
14 Washington 98504.

15 PUBLIC INTEREST, by DONALD T. TROTTER,
16 Assistant Attorney General, 900 Fourth Avenue, Suite
17 2000, Seattle, Washington 98104.

18 DIGITAL DIRECT of SEATTLE, TCG SEATTLE, by
19 GREGORY J. KOPTA, Attorney at Law, 2600 Century
20 Square, 1501 Fourth Avenue, Seattle, Washington
21 98101.

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I N D E X

3 WITNESS: DIRECT CROSS REDIRECT RECROSS JUDGE

4 SANTO-RACH 499,519

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7 EXHIBIT MARKED ADMITTED

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12 RECORD REQ. PAGE

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1 P R O C E E D I N G S

2 JUDGE CANFIELD: This hearing will please
3 come to order. This is the continuation of the
4 hearing in docket Nos. UT-930957, 931055 and 931058.
5 Today's date is May 4, 1994 and the hearing is being
6 held in Olympia, Washington, and the hearing is being
7 conducted by Elmer Canfield of the Office of
8 Administrative Hearings. We don't need to take full
9 appearances of the parties, but there have been some
10 changes from yesterday to today, so I will just take
11 names for the record, please. For the company.

12 MR. SHAW: Ed Shaw and Molly Hastings for
13 the respondent.

14 MR. KOPTA: Gregory Kopta for Digital
15 Direct of Seattle and TCG Seattle, intervenors.

16 MR. BUTLER: Arthur A. Butler, appearing on
17 behalf of Tracer and the Puget Sound chapter of TCA.

18 MS. MARCUS: Roselyn Marcus, assistant
19 attorney general representing the Department of
20 Information Services.

21 MR. TROTTER: Donald T. Trotter, assistant
22 attorney general for the public counsel section.

23 MR. TRAUTMAN: Greg Trautman, assistant
24 attorney general for Commission staff.

25 JUDGE CANFIELD: I will note that those are

1 all of the appearances being made on this third day of
2 hearings in the matter. It was announced towards the
3 end of yesterday's session that several would not be
4 returning at today's hearing and that has proved to be
5 the case. We do have the testimony of Ms. Santos-Rach
6 to conclude, but we had discussed an initial matter
7 just before going on the record concerning the
8 scheduling matter again, and after some further thought
9 on the matter, it was suggested to add June 28 as a
10 hearing date for testimony from members of the public,
11 and that may be in the Olympia area or it may be in the
12 Seattle area, and the Commission is delving into that
13 to see which would be the more appropriate hearing
14 location, but in any event it may be advisable to add
15 that date for members of the public and retain the
16 other adopted dates from yesterday, so we've got
17 June 27, 29 and 30 that we adopted yesterday, and to
18 that we'll add June 28 for testimony from members of
19 the public and the exact time and location will be set
20 forth in the Commission's notice of hearing, and I
21 believe that was the gist of the discussion just
22 before going on the record, and I will ask the parties
23 whether they have any comments or objections to that
24 change in the schedule that we've adopted yesterday.

25 Let the record reflect there are no

1 comments or objections, so we'll add the June 28 as
2 the date for that purpose. Any other preliminary-type
3 matters?

4 Hearing none, let's proceed, and we'll pick
5 up where we left off. I believe Ms. Arnold had
6 concluded her questions of Ms. Santos-Rach and we were
7 moving down the line, and I guess Mr. Butler is next.

8

9 CROSS-EXAMINATION

10 BY MR. BUTLER:

11 Q. You will be glad to know that I've pared
12 down my questions considerably. I don't expect to
13 take the full time that I indicated I might before.

14 Can I first direct your attention to your
15 response to DIS request 01-011 and that's the request
16 to which you provided a copy of the interoffice
17 transport cost study. I am referring to the study
18 itself if that's easier to find.

19 A. The interoffice.

20 Q. Study that's entitled 1993 Washington
21 VF/DSO Transport Service Recurring Cost Study.

22 A. What?

23 Q. Maybe you don't even have to have it in
24 front of you to answer the question.

25 A. Did you say 1991?

1 Q. 1993 is what's on the cover. First off,
2 can you tell me what VF stands for?

3 A. Voice frequency.

4 Q. On the copy that was provided there is a
5 handwritten note by you dated 4-18-1994 which states,
6 "This statement is no longer appropriate." It's a
7 statement referring to the treatment of costs of D4
8 channel plugs?

9 A. I recall the statement, yes.

10 Q. And your handwritten note says, "This
11 statement is no longer appropriate. This process
12 changed with the advent of 100 percent digital central
13 office assumptions. The lowest cost D4 plug was
14 removed from the interoffice study and the entire D4
15 plug is included in the channel performance study."
16 Could you explain to me why that is the case?

17 A. At one time when we had analog switching
18 within our switching cost model it was necessary to
19 include the plug-in that would make the change from an
20 analog to a digital interface if we had interoffice
21 transport. However, as we moved to 100 percent
22 digital switching for switching as well as transport
23 for basic switched interfaces that plug was no longer
24 needed. However, it was needed when you have private
25 line applications. So rather -- to try and keep

1 things in sync, what we did is we removed it from the
2 voice frequency DSO study and said going forward we
3 will pick up that cost as part of the channel
4 performance element.

5 Q. Is that plug needed for a private line or a
6 terminal loop that does not extend between central
7 offices?

8 A. That portion of the plug that would go
9 interoffice would not be required because that
10 interoffice link is not there, because it's on the
11 interoffice piece that -- where that plug would have
12 been, and if by definition the circuit does not go
13 interoffice, that interoffice portion does not apply
14 at all.

15 Q. But if I understand your note correctly,
16 the entire cost of the plug is included in channel
17 performance and that would -- the costs of that would
18 be picked up by customers that were simply buying
19 private line or terminal loop that did not extend
20 between central offices; is that correct? Has that
21 got a little convoluted?

22 A. I'm not sure that you're confused. As we
23 do the designs within the CTEC model for channel
24 performance, there is one set of designs that's used
25 for intraoffice circuits and there's another set of

1 designs that's used for interoffice circuits so that
2 plug would be included for the interoffice private
3 lines, that extra plug that's required for channel
4 performance, but if it was not required for intraoffice
5 it wouldn't. I mean, it's not included in those
6 designs. Again, and it's the piece that's associated
7 with that link. There may be other needs or other
8 places where you may need a similar-type plug to
9 provide channel performance throughout the circuit, but
10 the channel performance that's resulting from that
11 extra link there is what you need to focus on.

12 Q. Can you confirm for me that none of that
13 cost of the D4 plug shows up in the costs and the
14 prices for an intraoffice private line?

15 A. I believe the data is available and has been
16 supplied where you can identify that, because
17 the --

18 Q. Can you show me where that is in the study?

19 A. In the support material that was
20 provided --

21 Q. You can do that off the record. If you can
22 just point out to me where that is, that would be
23 fine.

24 A. We need the information request responses
25 to DIS 05.

1 JUDGE CANFIELD: That's going to take some
2 time to locate that, I guess Mr. Butler has agreed to
3 take that off the record.

4 MR. BUTLER: If you can just show me where
5 that is off the record.

6 MR. TROTTER: As in later?

7 JUDGE CANFIELD: During the next break.

8 MR. BUTLER: Didn't mean for you to take
9 the time now.

10 Q. So if I understand correctly, the
11 interoffice transport study that you provided does not
12 have any of the D4 channel plug costs, even though the
13 typed statement indicates that those costs are
14 included?

15 A. That is correct. After some discussion
16 here, and as I reviewed the review, there appeared to
17 be an inconsistency, so I went back to the modeling
18 group as well as the people that performed the
19 analysis and said, has this happened or hasn't it
20 happened, because we don't want to deal with a double
21 counting situation. And after discussions with both
22 the modeling person and the person that did the
23 modeling on the channel performance side that had
24 occurred, we just did not update our documentation,
25 and we should have.

1 Q. Did you confirm for yourself that, in fact,
2 that D4 plug cost was already included in the CTEC
3 study?

4 A. From having looked at those model designs
5 before that, that's what raised the question to
6 myself.

7 Q. Next, could I direct you to your response
8 to DIS request 02-018. In that request you were asked,
9 "What percentage of circuits that connect to U S West
10 offices are on some form of carrier (digital)
11 facility?" And I didn't understand the response. You
12 responded -- are the numbers here confidential --
13 "342,285 of the 344,853 circuits (99.26) aren't
14 provisioned in part on some form of a carrier (digital)
15 facility. These circuits are provisioned in part on
16 the digital facility but are provisioned primarily on
17 analog facilities." And then you went on in a note to
18 refer to circuits between U S West offices, between U S
19 West offices and interexchange carriers, independent
20 telephone companies and customer premises. And I was
21 confused by that. Am I correct that what you are
22 saying is that 99.26 percent of the interoffice
23 circumstances are on digital carrier facilities but
24 that the portion from a central office to an end user
25 or to an interexchange carrier or to an independent LEC

1 are provided primarily on analog?

2 A. That would be -- is perhaps a good
3 interpretation. I think there's sometimes some
4 confusion on what do you mean by digital. And really a
5 facility technology and oftentimes you can have a
6 circuit that begins as analog and somewhere throughout
7 the circuit you may use a digital-type facility to
8 carry that or connect that and then at the outer end it
9 may have to turn back into an analog-type circuit, and
10 the term loops that we're dealing with in this filing
11 are analog services by definition, and private lines,
12 the voice grade 32/33 are analog circuits by definition
13 because that's what the customer orders.

14 And there is a significant portion of our
15 network interoffice that uses a digital technology but
16 on the connecting point from the customer to our
17 central office, the vast proportion of plant that
18 connects directly with the customer is still on copper
19 facility or analog-type facilities.

20 Q. But you're not testifying that there is no
21 digital facility used, there are no digital facilities
22 used in, say, the feeder portion?

23 A. No. I'm not saying that at all. There is
24 feeder that is served -- some of the feeder plant is
25 digital carrier, some of it is fiberoptic, some of it

1 is still metallic. However, the connection point of
2 the customer is a distribution-type facility and the
3 vast majority of those are still buried plant, buried
4 metallics.

5 Q. To make sure I understand, when you say
6 that the terminal loops and private line services that
7 you have been referring to in this case are analog,
8 what you intend by that is to say that at least at
9 the point at which the services terminated on the
10 customer premises it is analog but it may be digital
11 farther up the line at some point?

12 A. Yes.

13 Q. In subpart B to that question, you were
14 asked, "What are the types of facilities and respective
15 percentage of total interoffice circuits that account
16 for the balance of the interoffice circuits?" And
17 again you listed DS3 among those. Could you explain
18 why you differentiated DS3 from digital carrier?

19 A. The response was put together by Mr. Odgi.
20 A DS3 is a digital-type connection and I assume he
21 just broke that out because it was possible for him to
22 do so.

23 Q. Would that 0.20 percentage assigned to DS3
24 be included in the 99.26 or is that a separate?

25 A. I don't have the additional papers that

1 went into that calculation, but the way I read it, it
2 would read that that would not have been included in
3 the 99.26, because the way I read it is for the
4 balance.

5 Q. Am I correct that the way to read this
6 response is that 99.46 percent of interoffice circuits
7 are digital?

8 A. Yes.

9 Q. Could you turn to the next DIS request
10 02-019. And that deals with the CTEC study, CTEC.
11 You were asked in subpart A in what year was the CTEC
12 model originally designed by U S West and the response
13 was 1984. And just so I'm sure that I understand
14 what's being asked and what's being answered here,
15 does this mean that the circuit designs used in the
16 current CTEC study, the one that you're relying upon
17 in this case, were developed in 1984?

18 A. No.

19 Q. Could you tell me in what year the designs
20 used in the current CTEC study were developed?

21 A. I would have to go back and look at the
22 supporting material, but the study was done in 1991 or
23 late 1991, I believe, at a 1992 level. And at that time
24 the people would have gone back and reviewed and
25 updated designs associated with the model from my

1 understanding.

2 Q. In response to the next record requisition,
3 could I ask that you confirm in what year the designs
4 used in the current CTEC study were developed?

5 JUDGE CANFIELD: The next record
6 requisition number is No. 16.

7 (Record requisition 16.)

8 Q. In subpart B you were asked about which
9 year was used to populate the CTEC study that was
10 submitted in docket 88-2852-P, and I am wondering --
11 and your response was 1987 -- could you tell me what
12 years data was used to populate the CTEC study
13 submitted in this case?

14 A. Again, I would have to go back and check
15 the support material.

16 Q. Could you add that to that record
17 requisition?

18 JUDGE CANFIELD: That will be part of No.
19 16.

20 Q. You stated a minute ago that the current
21 CTEC study uses 1992 costs. Did I understand you to
22 say that?

23 A. Yes. It was a 1992 cost.

24 Q. Do you know what the base year for the
25 investments was for those costs?

1 A. Again, that's within the study. I would
2 have to go pull the information out.

3 Q. Could you also add that?

4 A. Sure.

5 MR. SHAW: Your Honor, I'm concerned about
6 requiring the company to do all this research in
7 documents that Mr. Butler has had for many, many
8 months or access to. Is it necessary, I would like to
9 ask, for us to do this research?

10 MR. BUTLER: Yes, it's absolutely necessary
11 because I can't find this information in the documents
12 I was provided with.

13 JUDGE CANFIELD: After trying to locate
14 this information you're asking -- you couldn't locate
15 it so that's why you're making the request?

16 MR. BUTLER: Yes.

17 JUDGE CANFIELD: In view of that I will
18 grant the request as stated.

19 Q. Again, to clarify for me, am I correct that
20 what you did in developing the study is you took some
21 base year of investments or prices for your
22 investments and then you applied some sort of a TPI
23 factor to get the costs that are applied or that are
24 reflected in this study; is that correct?

25 A. A TPI factor was applied, that's correct.

1 Q. Yesterday you testified in response to a
2 question from Ms. Marcus that the CTEC study that
3 you're relying upon in this case used loop
4 distributions from the RLCAP study that was current at
5 the time. Do you know what year or addition of the
6 RLCAP study was actually used in this current CTEC
7 study?

8 A. I believe that was one of the other pieces
9 of information we were asked to provide yesterday.

10 Q. So you're going to --

11 A. Yes.

12 Q. And I'm sorry, as part of that information
13 will you be providing the base year for the loop
14 inventories?

15 A. Yes.

16 Q. Let me see. You were asked a question
17 yesterday about a statement from the CTEC study at
18 page 1 under the heading of product definition in the
19 first paragraph. And the statement was, "These costs
20 are based on investments required to provide service
21 over metallics facilities." And I was a little unclear
22 about your response and what you intended there. Am I
23 correct that that statement means that the CTEC study
24 does not assume the use of fiber?

25 A. No. That is not a correct statement. The

1 CTEC study includes the pair gain-type facilities as
2 well, which may include fiber as a mechanism that the
3 pair gain is built upon.

4 Q. Was this version of the CTEC study changed
5 from the previous versions, for example, the one used
6 in the 1987 case, the U 86-796?

7 A. Yes, it was.

8 Q. And in that case pair gain was assumed to be
9 used only over metallics facilities, correct?

10 A. Right. I'm not sure if it was assumed to be
11 used over metallics facilities, but one of the
12 differences is that at that point in time there was not
13 a lot of private line used in conjunction with
14 subscriber carrier because the technology was not
15 available there to allow private lines to essentially
16 work with the pair gain mechanism. Since that time
17 technology has changed and you can provide private line
18 services utilizing pair gain equipment.

19 Q. So in the designs that are included in this
20 CTEC study, there was included in there an assumption
21 that fiber could be used in providing the NAC or
22 portions of the NAC?

23 A. Yes.

24 Q. Again, just to help me out here. Also
25 early in that study the executive overview cost method

1 section, the term NCI is used. Can you tell me what
2 NCI stands for?

3 A. NCI is a network channel interface, and
4 that's kind of a technical description or code that
5 tells people what -- how that equipment would interface
6 or what the technical requirements are there, and
7 that's one of the things that the engineering people
8 key upon in designing and designing the circuits and
9 the circuit requirements.

10 Q. Again, yesterday you were reading a
11 statement from the CTEC study in a question by Ms.
12 Marcus and you also independently confirmed the
13 accuracy of that statement that "for customers who are
14 located near to their serving wire center little or no
15 equipment may be required to meet signaling
16 transmission and other performance parameters." And
17 you also stated that "this was accounted for in the
18 CTEC study." Could you demonstrate for me how that is
19 accounted for with respect to the LS, LA, LB and LC
20 designs?

21 A. I can show you how those are accounted for.
22 Again, you have to recognize that that statement is
23 made for some signaling types and for some
24 transmission types. As I looked at and reviewed the
25 information that occurred for some of the ones that

1 were associated with this filing, and some of them it
2 did not apply, but for those where it did apply that
3 was considered within the study in the designs.

4 Q. In response to a record requisition if you
5 could give me the pages.

6 A. I believe that's been provided but we can
7 show you where.

8 Q. We may have seen something with respect to
9 LS but not with any of the others. If you can show
10 me that we've got them.

11 MR. BUTLER: But I would like to make it a
12 record requisition and if we can handle to it
13 informally --

14 MR. SHAW: Your Honor, I continue to object
15 to these record requisitions asking us to point out to
16 Mr. Butler self-evident detail in these studies.
17 Again, these studies have been in their possession for
18 a long time.

19 MR. BUTLER: Well, if they were self-evident
20 I wouldn't ask.

21 MR. SHAW: I'm concerned about the
22 continuing workload being put on us because it's so
23 convenient to have us do it instead of making a little
24 effort on behalf of the intervenors. For instance, we
25 readily found in the study answers to the previous

1 record requisition that are just self-evident on the
2 face of it, so I continue to object to this essentially
3 deposition with excessive use of these record
4 requisitions.

5 JUDGE CANFIELD: Well, I would agree. If
6 it's readily findable or in the document and the
7 witness indicates she will point that out, I would tend
8 to agree that I don't want to just put the burden on
9 the company to go to all the extra trouble to point
10 something out that's there. And she did indicate that
11 they would be willing to point that out to Mr. Butler
12 where it can be found and maybe during the next break
13 that could be done, and if the last record requisition
14 can be taken care of during the break, that would save
15 some time as well, because we are looking at a five-day
16 turnaround time for record requisitions and I don't
17 want to put extra undue burden on the company to do all
18 of this extra research if that's shown to be
19 unnecessary. So I will hold off on the last record
20 requisition requested and the witness indicates that
21 she would point that out to Mr. Butler during the next
22 break.

23 MR. BUTLER: As long as I can get the
24 information, that's fine. I wouldn't ask for it if I
25 could readily find it.

1 Q. With respect to the point we were
2 discussing, were you in the room when Mr. Rees was
3 asked a question about a hypothetical college A that
4 had term loops, half-mile copper running into the
5 central office and a half-mile copper running out and
6 they were just connected with a jumper and no
7 expandable performance equipment?

8 A. I vaguely recall the question, yes, or the
9 discussion.

10 Q. If you had that hypothetical in mind, could
11 you tell me whether the MDF cost that would be caused
12 by that customer would be the same as the MDF cost that
13 was studied in the CTEC study?

14 A. I guess I'm confused when you say the MDF
15 cost study and the CTEC study. I'm not sure what you
16 mean.

17 Q. Is there less cost that would be caused by
18 that customer or would it be the same or --

19 A. Well, first of all, the MDF cost is
20 identified in your NAC study. It is not identified in
21 the CTEC study.

22 Q. I'm sorry, did I say -- I meant to say the
23 lap gap study. If it's included -- my real question is
24 of the studies that you submitted here. Is that
25 customer causing the same costs as the costs that

1 you've included in the study? I take it -- maybe I'm
2 confused here. The MDF costs, I gather you just said,
3 is not included at all in the channel performance
4 study; is that correct?

5 A. The MDF is a connection element that is
6 included in the NAC study.

7 Q. And it's not anywhere in the CTEC study?

8 A. No.

9 Q. I was just confused about what was going
10 on. Let me see. Getting close to the end here. You
11 had indicated that the CTEC study reflects forward
12 looking designs; is that correct?

13 A. At the time the study was performed, that's
14 correct.

15 Q. And that it includes some use of subscriber
16 carriers; specifically the study states that the CLC-96
17 carrier system was the only subscriber carrier system
18 that was studied. Is that correct?

19 A. I would have to -- have you got the
20 reference page there?

21 Q. Let me show you the page.

22 A. Yes. Given that statement, I would concur
23 with that.

24 Q. CLC-96 is an AT&T trade name. Does the
25 forward looking design that's included in the CTEC

1 study assume the current channel unit plug-in
2 technology available for the AT&T CLC-96 digital loop
3 carrier equipment?

4 A. I guess I can't answer for positive what the
5 price associated with that plug-in unit is. The data
6 is not identified in what I've looked at as to who the
7 vendor is, and again that would be classified as vendor
8 proprietary information.

9 Q. Well, I'm not asking about price so we
10 wouldn't have that problem, and in response to the
11 next record requisition could you confirm whether the
12 CTEC study assumes the use of AT&T's SPOTS, channel
13 units?

14 A. Yes.

15 JUDGE CANFIELD: That will be record
16 requisition No. 17.

17 (Record requisition 17.)

18 Q. And finally, I was a little unclear where
19 we stood yesterday with respect to request for record
20 requisition from the staff regarding information about
21 studies listed in public counsel request 01-021
22 attachment A, and if we did not have some agreement to
23 provide information I would like to make a request for
24 at least a summary page similar to the ones that are
25 in the loop cost study for at least the loop studies

1 listed in that attachment, you know, that includes the
2 base year, the average loop length, the loop counts,
3 whatever.

4 A. Could you read the 01-02 -- I don't have
5 the request right in front of me.

6 MR. SHAW: Could counsel direct our
7 attention to what record requisition he's talking
8 about? I'm not following what we're talking about
9 here.

10 Q. Specifically maybe I can show you this. I
11 don't remember the name of the record requisition.

12 MR. BUTLER: This is the request and we
13 don't have information for those specific studies. If
14 we can get those, that would be fine.

15 MR. SHAW: Can we go off the record for a
16 minute?

17 JUDGE CANFIELD: Take a short off-the-
18 record recess.

19 (Discussion off the record.)

20 JUDGE CANFIELD: We're back on the record
21 after a short recess during which time the parties
22 discussed something about a record requisition, so
23 Mr. Butler --

24 MR. BUTLER: Yes. I would like to request
25 the following four pieces of information: Base

1 inventory date, the number of loops, the average loop
2 length and the annual cost factor and TPI date for the
3 following three studies: PBX trunk study, the
4 stand-by line study, and the subscriber loop and access
5 line study.

6 MR. SHAW: Your Honor, we will look for that
7 as we discussed with counsel off the record.

8 MR. BUTLER: That concludes my questioning.

9 JUDGE CANFIELD: That would be record
10 requisition No. 18.

11 (Record requisition 18.)

12 MR. SHAW: 17, Your Honor, I'm missing one.

13 JUDGE CANFIELD: 18. 17 was -- I don't have
14 the exact wording -- whether the CTEC study assumed a
15 use of AT&T SPOT channel, something to that effect. It
16 was No. 17 and so this would be No. 18.

17 MR. SHAW: I'm caught up. Thank you, Your
18 Honor.

19 JUDGE CANFIELD: With that, that concludes
20 your questions, Mr. Butler?

21 MR. BUTLER: Yes, it does.

22 JUDGE CANFIELD: Mr. Kopta, you had questions?

23 MR. KOPTA: Yes, I do.

24 CROSS-EXAMINATION

25 BY MR. KOPTA:

1 Q. Morning. I'm representing Digital Direct of
2 Seattle and TCG Seattle. First of all, like to clarify
3 something in your testimony on page 6, lines 25 through
4 28. In that response that precedes that sentence,
5 you're talking about the decrease in the rates for
6 complex business lines, and you state, and I quote, "As
7 Ms. Owen discusses in her testimony, U S West is
8 proposing such a rate change to respond to increased
9 competitive pressures in the business market"; is that
10 correct?

11 A. That is correct.

12 Q. Now, the response to increased competitive
13 pressures that you're discussing here concerns only
14 the pricing of the services; is that correct?

15 A. The reference back was that Ms. Owen would
16 discuss the pricing rationale, but one of the reasons
17 for the changes in pricing, as Ms. Owen discussed in
18 her testimony, was competitive pressures and pricing.

19 Q. So the competitive pressures is a pricing
20 issue, it's not a cost issue? Let me restate the
21 question.

22 A. Go ahead.

23 Q. In developing your cost studies, do
24 competitive pressures affect how you compute costs?

25 A. I guess I've got -- you've got to have an

1 answer of yes and no there. In terms of the
2 competitive impacts can affect anticipated demand for
3 a service and that could play in terms of what your
4 ultimate costs number is. However, the basic
5 methodology is used whatever that level of demand is,
6 so to the extent that we're an independent process, we
7 take the information that is available to us. No, the
8 competitive pressures does not impact how we do our
9 costs but to the extent that competitive pressures
10 impact the numbers that go into the cost studies, those
11 results can be impacted by that.

12 Q. Did you conduct any studies on competitive
13 impact as to usage of these services and that in turn
14 would affect the costs?

15 A. Did I?

16 Q. Yes.

17 A. No.

18 Q. Was that something that went into the
19 calculation for this filing in preparing the cost
20 studies?

21 A. As we prepared the costs, we looked at the
22 anticipated levels and we attempted -- or the
23 anticipated levels of demand at the time the study was
24 performed in going forward and we attempted to identify
25 the costs, for example in the DA study, based on

1 volume- sensitive fixed and so forth, so going forth as
2 demand changes, we have the data and information to
3 calculate anticipate the total cost changes. I'm not
4 sure if that's what you're getting at.

5 Q. It may be. Were competitive pressures one
6 of the things that were taken into consideration in
7 coming up with anticipated demand?

8 A. To the extent that, you know, the demand
9 reflects those things happening, yes, they were, but
10 when we get demand information from the forecasting
11 group and from the product managers associated with
12 that information, coming out of that process is the
13 assessment of what's happening. To that extent it's in
14 the inputs and exactly how much is competitive, how
15 much is anticipated growth, that piece of it is not
16 disaggregated within our study, but that's a force that
17 certainly impacts what goes on throughout the
18 corporation.

19 Q. To your knowledge, there's no
20 quantification of competitive impact in that number?
21 It's an amalgam of different factors that are going to
22 impact demand?

23 A. I mean from the cost perspective, yes.

24 Q. Not being an economist, I think I would
25 like to try and get to where I can understand some of

1 what we're talking about here and how you go about
2 calculating costs. Would you turn to Exhibit 4 which
3 was actually part of Mr. Rees' testimony, and this is
4 simply by way of illustration. It's talking about
5 terminal loops and private lines, but I would like to
6 focus on complex lines if you would, and as a result,
7 you would ignore the markings on the diagram, at least
8 above the diagram, so that for instance let's take the
9 private line diagram. Do you have this in front of
10 you?

11 A. The rate structure diagram?

12 Q. Right. And just to have a visual way of
13 referring to something, you have the customer in the
14 triangle being connected to the central office,
15 there's a connection between two central offices and
16 then another connection between the second central
17 office and the customer. Would that roughly represent
18 a complex line connection over which if I picked up the
19 phone in business A and called business B that would be
20 the routing of that particular call?

21 A. No. Actually there's another element
22 that's not included on here.

23 Q. And that would be?

24 A. That is the connection to the actual switch.
25 On the bottom portion you see a NAC connection to the

1 central office, but that is a connection at the main
2 distributing frame and does not include the actual
3 connection to the switch itself, the line termination
4 card and giving you access to the external world and
5 also the ability to replace and receive local calls
6 from the external world, so that connection in the
7 central office is different for switched services such
8 as business complex lines than the diagram portrays.

9 Q. And I would assume also that the loop and
10 the drop portion, if you use this diagram, would be
11 collapsed into what is referred to as the NAC?

12 A. Yes. The pieces associated with the
13 business complex line there would be your loop, your
14 drop and what we would call nontraffic-sensitive
15 central office equipment, which is the MDF plus more
16 and then gives you that connection piece.

17 Q. Okay. With that in mind, let me just use
18 an example of a piece of that, just so that I can have
19 an idea of how pricing is done, is the switch something
20 that is part of the cost of providing a complex
21 business line?

22 A. When you're saying pricing your cost --

23 Q. Cost, excuse me.

24 A. The switch is part of the cost of a complex
25 business line.

1 Q. Taking a switch, then, you discuss both
2 embedded costs and long-run incremental costs and so
3 that I understand what's going on, if there is an
4 existing switch that's being used by some complex
5 business lines, is the cost that U S West paid for that
6 switch included in your cost studies?

7 A. No, it is not. What we would identify is
8 the cost of what a switch would be going forward with
9 the perspective that we need to identify the costs of
10 equipment assuming there was going to be growth and
11 assuming we had to provide that switch now at this
12 point in time that the study was done. So we would do
13 a scan of the environment and say what's the forward
14 looking practical technology that's out there to serve
15 -- to perform that switching function and in that case
16 today it is a digital switching technology.

17 Q. So it's essentially a model connection that
18 you were trying to price saying if we were going to
19 provide this service tomorrow or sometime in the
20 future, here are all the elements that we would need,
21 here's the cost of each of these elements, and here's
22 the allocation of that cost to any one particular
23 line. Is that basically --

24 A. Yes. I have a difficulty with the term
25 allocation, but in the context that you stated it,

1 you're saying identify the costs of that, I can concur
2 with that statement.

3 Q. Does U S West use the same kinds or the
4 same switch for all of its switches or does it use
5 different switches?

6 A. We have multiple-type vendors to provision
7 our switching requirements.

8 Q. Are the costs of the switch the same or are
9 they different?

10 A. They are different and the way those
11 switches operate are also somewhat different in that
12 one of the vendors designs their switch one way with
13 the ultimate function or the ultimate end result being
14 the same but is not identically designed to another
15 switch vendor.

16 Q. How do you determine a price -- excuse me
17 -- the cost of the switch in the model that we're
18 talking about from the various prices and the various
19 switches that would potentially be used for providing
20 the service?

21 A. We have available or within U S West there
22 is a procurement organization that essentially works
23 with alternative vendors to identify what -- who we're
24 going to purchase from, and we purchase in bulk, so
25 obviously we get a discount associated with that, and

1 our purchasing organization would work out contracts
2 with a variety of vendors to determine what prices
3 would apply. And generally, it is a price less a
4 discount, and we would include that discount price
5 from the vendor in our study on a forward looking
6 basis. We go back on a periodic basis, update what
7 those prices would be to us.

8 Q. Now, is this for single vendor or do you do
9 it for each vendor that you have?

10 A. We do it for the vendors that on a going
11 forward basis we would plan to purchase from, with the
12 exception from the switching side there may be one
13 vendor who we have just recently included within our
14 models and I'm not sure if that is included in the
15 model here today. I would have to go back and look,
16 but on a periodic basis we go back and update the
17 prices that we would receive from the vendors
18 associated with those -- with the switch.

19 Q. So, do you develop a single price for a
20 model switch in using your cost calculations?

21 A. We would develop a price based on the
22 amount of equipment for that switch that would be
23 required. There are pieces of equipment such as the
24 line termination unit within a switch that you need to
25 buy more or less of depending on how many lines you

1 have, and there are other pieces such as the processor
2 where you have to buy more or less processing
3 capability depending upon the needs of that, so then
4 based on the traffic requirements associated with the
5 particular central office or switch that you would be
6 looking at, we would identify essentially how big
7 would that switch need to be and then identify the
8 consequent costs associated with a model using the
9 vendor prices and the prices for individual pieces of
10 equipment within that switch.

11 I probably should clarify that. It's not
12 like we get a switch costs a million dollars. When
13 you purchase a switch, a piece of equipment costs thus
14 and such, another piece of equipment costs thus and
15 such, and you've got to take a look at each of those
16 individual components to do that calculation.

17 Q. Do all of those components for a single
18 switch come from different vendor or do they usually
19 come from the same vendor for a different switch?

20 A. The components as you purchase from -- for
21 the switching, once you purchase from a vendor you're
22 pretty much tied into continuing to purchase for that
23 type of -- for the growth associated with that -- from
24 that particular vendor, and again that's for switching
25 component.

1 Now, as you may have some adjunct equipment
2 that may be purchased with interface with that switch,
3 that's different. I'm not sure if I answered your
4 question.

5 Q. I think I understand what you're saying.

6 A. It's like, conceptually, if you buy a
7 Chrysler car you generally have to buy Chrysler parts.

8 Q. Now, you are projecting growth for the
9 individual components to keep it with the switch so
10 you buy a switch that has greater capacity than the
11 current need for that switch; is that correct?

12 A. I mean, we project out over a planning
13 period of -- we aren't in there everyday adding
14 capacity to the switch. In fact, we do it -- you know,
15 one of the classification things that happens in the
16 telecommunications industry is we add equipment in
17 lumps. I mean, that's an awful term but that's what it
18 means. You add groupings of equipment because of the
19 nature of the industry so we add equipment and then
20 later on we go in and add additional equipment.

21 Q. So equipment when you first add it then has
22 room to grow?

23 A. Yes.

24 Q. For attaching whatever more lines or
25 whatever it is that that particular piece of equipment

1 is intended to be used for?

2 A. (Nodding head.)

3 Q. How do you -- and I'm sorry to use this
4 term -- allocate the costs of the spare capacity of a
5 switch to the existing lines that are being plugged
6 into the switch?

7 A. What we would do is identify the costs
8 that's associated with that capacity and include it as
9 a cost of what we would call growth spare capacity and
10 in the studies -- in most of the studies that are
11 here, that's included in the base cost that was
12 included with this filing, meaning that if there is
13 spare capacity for growth of 5 percent or 10 percent,
14 each of the services that use the thing on a general
15 basis get a portion of that 5 or 10 percent.

16 Going forward you will tend to see us
17 breaking that out but still identifying that cost.

18 Q. So each complex business line, then, a
19 portion of the costs is the growth spare capacity?

20 A. Correct.

21 Q. Now, is that true for other services that
22 use the same switch?

23 A. Yes, it is.

24 Q. Going back to our diagram on Exhibit 4. Am
25 I correct that if you're going to complete a call, that

1 is to a customer or to an end user in either a
2 different exchange or a different service central
3 office, that you would need a connection between your
4 serving central office and the other central office?

5 A. So if I took the picture that's labeled
6 private line here, I put a connection that is a switch
7 connection versus a private line connection in there
8 and then you're looking at the two pieces labeled
9 mileage?

10 Q. Uh-huh?

11 A. -- that you would need a connection between
12 those two -- what did you call them -- central offices?

13 Q. Central offices.

14 A. That is correct.

15 Q. That's correct?

16 A. Yes.

17 Q. Is this connection part of the costs of
18 providing the complex business line?

19 A. It depends upon how you're classifying the
20 costs of the usage that would be between the customers.
21 We include as part of your complex business line the
22 costs of usage, and that includes switching within each
23 of the central offices as well as costs for the
24 transport network between those two offices. If that
25 call that you were talking about was part of a

1 local-type calling, that cost is included in the usage
2 piece of your complex business line. If that was not a
3 local call then that cost would not have been included
4 in the cost of the complex business line.

5 Q. Well, let's take the local call first. How
6 does U S West recover the costs of that connection if
7 it's not assigned to a single complex business line?

8 A. I'm confused here. If it's a local call
9 it's included in the costs of the usage, which is
10 included in the cost of the complex business line, and
11 the rate -- and that cost is identified in the cost
12 support that we filed here for complex business line,
13 so it's in the usage component of that cost.

14 Q. So for this connection in general, then --
15 perhaps I misunderstood -- it would be included in the
16 usage portion of the cost for complex business line?

17 A. If it's a local call.

18 Q. And if it's a toll call, then that would be
19 something --

20 A. It would be included in your costs of toll
21 calling in your MTS cost study.

22 Q. So that's a different --

23 A. That's a different study. I mean, the cost
24 is included in there, and the cost, if it's a local
25 call, is included in your complex business line cost

1 that was used for the rate setting.

2 Q. In speaking with Ms. Owen yesterday or the
3 day before, I asked her about a couple of things in her
4 testimony on page 4, lines 16 through 18 in which she
5 testifies, "it was priced above the price floor so
6 that U S West can recover its product family costs,
7 common overhead costs and earn a reasonable profit."
8 And she referred me to you for a definition of product
9 family costs. Would you explain that to me?

10 A. Sure. As you look at costs drivers within
11 a business or for a product, what you find most often
12 is that you have some costs that vary with -- just
13 with the product itself. You have other costs where
14 the service is part of a family of services meaning
15 that costs vary with the addition or deletion of that
16 family of services, so you have a level of costs
17 that's product-specific, you have another level of
18 costs that is product-family-specific, and then you
19 have a third level of costs which would be classified
20 as common overheads which goes across the span of all
21 services.

22 And within the telecommunications industry,
23 we see a lot of that cross product within the same
24 family of types of costs. For example, the growth
25 spare capacity that you spoke about previously is one

1 of those where that growth spare capacity could be used
2 for residence service, it could be used for business
3 service. If you're taking a look at the loop, the
4 feeder portion of the loop could be used for residence,
5 it could be used for business, it could be used for the
6 NAC. So as we're doing our pricing or in terms of our
7 pricing it's helpful to the product manager to
8 understand each of those three levels of costs. Does
9 that help you?

10 Q. So when you're developing a cost study for
11 complex business line, are you focusing on that product
12 or are you focusing on other products in addition to
13 this that are in the same family?

14 A. I would say as we're moving forward and the
15 telecommunications environment is changing and as more
16 products are growing, I think we're focusing more on
17 doing more of both product and the group related,
18 because both those pieces of information help the
19 product managers in making their decision. I think
20 traditionally we've used the group-type costs because
21 we want that growth spare capacity in there so you get
22 a measure of how much that is, because that's
23 traditionally what we have done. However, from our
24 perspective it provides people with more information on
25 a going forward basis if we provide the product and the

1 group as related-type costs.

2 So I mean both pieces of information are
3 valuable as you're making the decision.

4 Q. She also referred me to you on what's
5 involved in common overhead costs. Is that something
6 that you also calculate?

7 A. We have data that does calculate a common
8 overhead what we would call factored. It generally --
9 I mean, it's the sense in terms of people using the
10 price, in doing their pricing, I think they tend to
11 look at the product and the group related and then
12 take a look at market conditions as far as what can we
13 provide to that contribution to common overheads.

14 Q. So do you develop that particular factor or
15 is that something that someone else develops --

16 A. There's people within our cost organization
17 that develop that factor. In fact, I think it was
18 provided at one time with this filing.

19 Q. And that's just information that is
20 supplied to the product manager who weighs the extent
21 to which common overhead will be contributed to by
22 this particular service?

23 A. Yes.

24 MR. KOPTA: I believe that's all I have.

25 Thank you very much.

1 JUDGE CANFIELD: We can either take a break
2 now or break during your questioning, Mr. Trotter. I
3 don't have a preference.

4 MR. TROTTER: I don't either.

5 JUDGE CANFIELD: Let's go and see where we
6 are and maybe we can get an update in 10 or 15 minutes.
7 Oh, were you talking about a break? Let's take a break
8 now. That's the consensus.

9 (Recess.)

10 JUDGE CANFIELD: We're back on the record
11 after our morning break, and up next is Will Trotter.

12

13 CROSS-EXAMINATION

14 BY MR. TROTTER:

15 Q. I was a little confused about your
16 responses on the issue of the use of average fill
17 versus objective fill. First of all, do you have an
18 opinion about which of those is appropriate for use in
19 a cost study of the type that you are proposing in this
20 proceeding?

21 A. I believe that indications of both those
22 levels of numbers provide value to the product
23 managers in making their decision. The objective fill
24 level which gets you a volume-sensitive cost, which
25 could be considered a peer price floor, however, I

1 believe that measure of how much a group related cost
2 is is also relevant.

3 Q. Now, you stated in your cost studies in this
4 proceeding you used average fill?

5 A. Correct.

6 Q. If you were doing those studies over today,
7 would you show it both ways?

8 A. Yes, we would.

9 Q. So that gives the product managers
10 potentially two different prices -- excuse me -- two
11 different costs for the same service?

12 A. It gives them I don't think two different
13 costs. It gives them more information about the
14 service.

15 Q. Well, if you run your studies using average
16 fill you will get cost A for a particular service; is
17 that right?

18 A. Correct.

19 Q. And if you run it using objective fill or
20 using the other type of fill factor, you will get cost
21 B?

22 A. Correct.

23 Q. And from a cost perspective, which is your
24 job, either of those is a reflection of cost?

25 A. Both of those are a reflection of cost. One

1 is a measure of the pure volume-sensitive cost of the
2 service and the second is the measure of also the costs
3 that vary as that product is part of a group of
4 services.

5 Q. Can you refer to public counsel request
6 01-003. That request asks you to provide the basis
7 for the use of an average fill factor in the private
8 line cost study instead of an objective fill factor.
9 Could you read the response?

10 A. "By private line service U S West C assumes
11 the question refers to the channel performance, network
12 access channel and interoffice transport studies. The
13 average fill factor was used because it includes the
14 costs associated with the volume-sensitive costs."

15 JUDGE CANFIELD: A little slower, please.
16 Maybe back up and pick up a little slower.

17 A. Begin from the beginning, "By private line
18 service U S West C assumes the question refers to
19 channel performance, network access channel and
20 interoffice transport studies. The average fill factor
21 was used because it includes the costs associated with
22 the volume-sensitive costs of the equipment plus an
23 equal share of rural spare capacity in the relevant
24 equipment. Use of an objective fill factor shifts the
25 burden of costs recovery associated with growth spare

1 capacity and the relevant equipment to other services
2 such as residence."

3 Q. Now, with respect to the last sentence of
4 that response, if all of your cost studies for all of
5 your services used the objective fill factor, would
6 that result in a shift to other services or would that
7 result in nonrecovery of certain costs?

8 A. First of all, if prices were set exactly at
9 cost, U S West would not recover all of our costs
10 because, even if it was set using an average fill,
11 because there's also common overheads of the
12 corporation to be covered. If prices were set at cost
13 of objective fill there will be very serious under
14 recovery of that -- of the spare capacity associated
15 with those growth -- all the services using growth
16 spare as well. Depending upon where your price level
17 was set is going to make the difference in terms of the
18 recovery.

19 Q. Now, what is your recommendation to the
20 Commission? Should the Commission assess costs using
21 objective fill or average fill for the studies at
22 issue here?

23 A. The Commission should look at average fill
24 associated with this -- with the services associated
25 here because of the fact that -- and again this goes

1 into the pricing side and probably better answered
2 by the pricing people, but from a pricing perspective
3 it somehow seems fair that large business users would,
4 in fact, pay their fair share of that growth spare
5 capacity.

6 Q. Couple of other questions that were
7 referred. In the costing of a centrex station line, is
8 channel performance included?

9 A. The costs that were associated with a
10 centrex plus line would be the costs of a switch
11 service, and so the channel performance elements
12 associated with the switching piece of it would include
13 -- would be included as you're taking a look at the
14 costs of that switched service.

15 Q. Are the channel performance costs for a
16 switched service greater than those costs for a
17 dedicated line or less or --

18 A. I would -- first of all, the channel
19 performance costs associated with a switched-type
20 service are just inherent in the basic station line
21 that you get associated with what I would classify as
22 plain old telephone service. It's just part of what
23 you receive. Channel performance costs as discussed
24 in this docket are over and above that basic element
25 that you get for the NAC portion of that POTS line.

1 Q. Let's move to a flat business service, and
2 that service you get signaling and a certain level of
3 channel performance; is that right?

4 A. Correct. You have the ability to
5 communicate and that's part of that inherent --

6 Q. And when you're costing that, do you cost
7 out the channel performance aspect of a 1FB?

8 A. It, again, is included just as part of that
9 entire package of what you do. It's included as part
10 of the switching costs that are part -- are a part of
11 that basic complex line service or business service.

12 Q. So if I asked you for a 1FB line, what are
13 -- what is the total channel performance cost, could
14 you tell me?

15 A. No, I could not, but again it's part of that
16 total function that comes with switching and then the
17 interface with the access line.

18 Q. Based on your understanding of how these
19 lines are provisioned, does it cost more to put
20 together a 1FB circuit from a channel performance
21 perspective compared to a terminal loop?

22 A. It costs more for the terminal loop because
23 you have specific targeted enhanced channel
24 performance that is requested.

25 Q. Let me take another hit. Let's assume it's

1 voice grade in both cases, the same level of
2 performance in both cases. Other than the switching
3 function that the 1FB would have.

4 A. I guess, what do you mean by voice grade?
5 There's different categories of voice grade service.

6 Q. The same voice grade quality that you get on
7 a 1FB?

8 A. I guess I can't answer that because I can't
9 specifically tell you what the costs are of that
10 channel performance which is part of the entire complex
11 business line. I can tell you what the costs of
12 channel performance are for the individual private line
13 voice grade 32, 33, whatever, but without being able to
14 segment and pull out the pieces that are just
15 associated with channel performance in the 1FB, I
16 can't tell you.

17 Q. Let's think about it conceptually. The 1FB
18 has to meet certain standards in order to operate, in
19 order to be provisioned; is that correct?

20 A. Correct.

21 Q. And depending on what terminal loop you
22 pick, it also has technical specifications?

23 A. Correct.

24 Q. Now, assume that the technical
25 specifications are the same for both of those

1 applications. Would there be a cost -- conceptually,
2 would there be a cost difference in the channel
3 performance aspect of each of those -- of provisioning
4 each of those services?

5 A. Again, I can't answer because it's very
6 difficult for me to take and try and get something
7 that is switched service, again, exactly equivalent to
8 that private line service. I mean, I can't
9 conceptually answer your question at this point.

10 Q. Let's move on to directory assistance.
11 First of all, have you added directory assistance costs
12 in other jurisdictions?

13 A. I have analyzed directory assistance costs
14 in a couple of other jurisdictions, yes.

15 Q. Did you perform the same type of study that
16 you're offering here in those cases?

17 A. In those cases I believe we had a mixture
18 of costs and that in some -- in one of the cases that
19 I'm particularly familiar with, we looked at costs
20 just at a level that didn't break it out between
21 volume-sensitive services, specification and shared
22 residuals, and in the other instance I believe we did,
23 if I recall correctly.

24 Q. Why did you do it differently first
25 instance you mentioned?

1 A. Again, in U S West's movement towards
2 identifying additional information we are on a going
3 forward basis providing more detail in our cost
4 support and previously it would not have been included
5 and going forward it would.

6 Q. So on a going forward basis this is the
7 type of cost study you will be producing in all
8 jurisdictions?

9 A. Yes.

10 Q. With respect to any of the cost studies
11 you're relying on in this case, do I take it correctly
12 that U S West would file those cost studies in a
13 jurisdiction that had no particular policy on cost
14 studies? These are the ones you support and defend?

15 A. That would be correct.

16 Q. Turn to your Exhibit 16, excuse me, C-16.
17 This is a summary of your directory assistance cost
18 studies; is that right?

19 A. That is correct.

20 Q. And we see in column A your average service
21 incremental cost, and then on the last line the total,
22 column C, the shared residuals cost, and the last line
23 shows the total and those two totals are summed in
24 column D; is that right?

25 A. (No response.)

1 Q. A plus C?

2 A. Equals D, right.

3 Q. That number is confidential but if the
4 Commission or any party wanted to suggest that you
5 price at cost, the number on the last line of column C
6 would be rounded, I suppose, but that would be the
7 number, correct?

8 A. Correct. I mean, and that would include
9 that share of the shared residuals.

10 Q. Now, let's talk a little bit about shared
11 residuals. Could you explain exactly what that is.

12 A. That is, again, those type of group-related
13 costs for the DA service that would include costs that
14 are associated with the entire DA family but not
15 necessarily directory assistance as this service is
16 defined here.

17 Q. Could you give an example?

18 A. A right-to-use fee that would provide
19 capabilities for the other positions to do more than
20 one function, and again, that function would
21 potentially be spread across services versus
22 product-specific.

23 Q. This is one of those family costs that is
24 not attributable uniquely to one member of the family?

25 A. This would be a family cost that's not

1 attributable to -- is not directly associated with one
2 but is associated with the family.

3 Q. Would you take a look at Exhibit C-21.
4 That was an exhibit that was entered into the record
5 this week.

6 MR. SHAW: C-22 was it?

7 MR. TROTTER: Sorry. It was C-21. I
8 mentioned C-22 before. For the present purposes I want
9 C-21. That was the product plan.

10 MR. SHAW: Give me a moment, Your Honor, to
11 find a copy.

12 Q. This was an exhibit entered into the record
13 through Ms. Nownes, but could you turn to the last page
14 of that exhibit. And this is a table, again,
15 confidential, but it has information I would like to
16 ask you about. First of all, for the state of
17 Washington which is shown here, there is an end user
18 cost per call shown in the first column of numbers?

19 A. Yes.

20 Q. Now, that number is less than the number
21 you show in column D on Exhibit C-16. I believe it
22 appears that the numbers shown on the last page of C-21
23 does not include that shared residuals.

24 A. That is my understanding, that's correct.

25 Q. Do you know why the cost per call on the

1 last page of Exhibit C-21 does not contain that
2 increment?

3 A. No, I do not, other than potentially as
4 they were looking at the numbers they were looking at
5 a measure of what is the product cost versus what is
6 the product cost plus the family-type cost.

7 Q. But when you are determining whether a
8 service is below cost or above cost, is it your
9 position that you look at the product cost plus the
10 shared residuals or just the product cost?

11 A. I would recommend that, again, the product
12 manager look at both and understand what both
13 represent.

14 Q. With respect to this Commission, if this
15 Commission is to determine whether a service --
16 whether this service is above cost or below cost, what
17 number should it look at?

18 A. I believe they need to, again, understand
19 the nature of the costs and understand what the
20 volume-sensitive costs and what that -- and what the
21 volume-sensitive and the shared residuals both
22 represent.

23 Q. So if the Commission set a price for
24 directory assistance at the level shown on the column
25 A last line of Exhibit C-16, which is the same as the

1 top line of the last page of Exhibit C-21 but priced
2 at that level, the Commission could say it was at
3 cost, and I take it you would not object to that.

4 A. I'm not sure which number you're referring
5 to.

6 Q. The upper left-hand corner number of Exhibit
7 C-21, last page, same number.

8 A. The one that's under the column costs per
9 call?

10 Q. Yes.

11 A. If the Commission made the statement that
12 they set the cost at the volume or the rate at the
13 volume-sensitive costs, I would not have a problem
14 with that statement. But I would not want them to
15 believe that they were covering the full costs
16 associated with the embodiment of that entire service
17 as they're looking at that service in aggregate if
18 they only said that number.

19 Q. Let me ask it a different way. Go back to
20 Exhibit C-16, and you've got two costs, the one at the
21 bottom of column A and the one at the bottom of column
22 D. Which one is the long-run incremental cost in the
23 series?

24 A. They're both part of the long-run
25 incremental analysis. One is a product cost and one is

1 a cost with -- includes the costs associated with the
2 group of services that it's in, and if you're looking
3 to say does it cover its product cost, then the one
4 number is relevant. Does it cover the costs of the
5 entire group of services so that it's picking up its
6 piece of those shared costs, then you've got a
7 different answer.

8 Q. Are the shared residuals costs long-run
9 incremental costs?

10 A. Yes, they are, the long-run incremental
11 costs associated again with that group increment.

12 Q. Let's go back to the last page of Exhibit
13 C-21. I would like to focus on the IEC intrastate, IEC
14 interstate and exchange carrier, and it appears that
15 the IEC intra and interstate are currently priced at or
16 above cost; is that right?

17 A. I'm assuming they're at or above that
18 volume-sensitive cost.

19 Q. But they may not be above the product cost
20 plus shared residuals?

21 A. Assuming that the numbers that that came
22 from reflect that -- the same perspective, that's
23 possible.

24 Q. And with the exchange carrier, which I
25 think we understand to be local exchange carrier, the

1 local current price is below cost by any measure?

2 A. Correct. Assuming again that 25 cent
3 number?

4 THE WITNESS: Oops, sorry.

5 MR. TROTTER: We're dancing here.

6 Q. As a response -- first of all, do you have
7 the cost per call, including shared residuals, for all
8 of the applications shown on the last page of Exhibit
9 C-21?

10 A. I do not have those with me.

11 Q. As a response to record requisition 19,
12 could you please provide the last page of Exhibit C-21
13 cost per call column and include the shared residuals
14 cost that is applicable?

15 JUDGE CANFIELD: That is the next record
16 requisition No. 19.

17 (Record requisition 19.)

18 Q. Let's go over to Exhibit C-22 which was the
19 -- another one that went in through Ms. Nownes but I
20 think you're responsible for some calculations on it.
21 And this is the exhibit which calculates the net impact
22 of the DA filing; is that right?

23 A. That is correct.

24 Q. And am I correct that you provided the cost
25 savings figure shown on the asterisk on page 1 of this

1 exhibit? The number is confidential.

2 A. I myself did not provide it.

3 Q. So was this provided by the cost group?

4 A. That's my understanding that it was.

5 Q. Do you know how that number was computed?

6 A. From what I can tell it appears to be
7 pulling a portion of the operator and associated costs
8 from the study, the cost study.

9 Q. Let's go to the second page of the exhibit.
10 Just the cost savings group for residents is shown in
11 column E; is that right? There's a cost savings --

12 A. Yes.

13 Q. And that number is simply the expense
14 savings per call shown on the first page at the
15 asterisk times the call volume in column E that's in
16 parentheses?

17 A. That's my understanding, yes.

18 Q. But I take it you're not familiar with
19 exactly how that expense savings per call was derived?

20 A. Yeah. It's a multiplication there.

21 Q. I meant -- I meant how the expense savings
22 per call shown on the first page.

23 A. I can -- I've found the numbers that went
24 into that calculation, and it's my understanding, and I
25 am trying to get this confirmed, that in fact they

1 take a look at what would be the immediate
2 operator-related savings associated with implementing
3 their proposed pricing plan.

4 MR. TROTTER: Your Honor, I have -- before
5 we do that --

6 Q. Going back to Exhibit C-16, column D, total
7 directory assistance cost. Does that include the cost
8 of one DA call plus the one call allowance?

9 A. The column A on there?

10 Q. I said column D but --

11 A. Oh, okay, column D would include the costs
12 of one call to the DA operator and that one call may
13 include actually one or two requests, so it's the call
14 to the operator.

15 Q. Let me ask you a different question. The
16 costs shown in column D about the bottom line of
17 column D is the cost for a retail, residential or
18 business call to the directory assistance.

19 A. Correct.

20 Q. And that's the cost regardless of whether
21 that's the free call allowance or not?

22 A. That's right.

23 Q. Now, yesterday or before it was recognized
24 that U S West's goal for residents is one free call
25 allowance and then every other DA call at 60 cents.

1 That's the ultimate goal. Do you recall hearing that?

2 A. Yes.

3 Q. Is that goal below cost pricing because one
4 of those calls is not being charged for?

5 A. Between last night and this morning, I
6 attempted to sit down and try and answer that question,
7 and without some additional information I can't tell
8 you because we expect that there was -- is potentially
9 repression as you move to that target rate, and without
10 knowing what the volume of calls is at that point in
11 time as compared to where it's at today and without --
12 and recognizing that some of the costs are
13 volume-sensitive and some are fixed, I couldn't come
14 up with a number that says will you or won't you be at
15 that point in time, because I didn't know what that
16 anticipated demand level would be there at that time.

17 Q. If there were no repression or stimulation
18 factor it would be below cost?

19 A. I would have to run through the calculation
20 again because some of the costs that are identified
21 here do not change with volume, and so I would have to
22 run through the calculations to see what that impact
23 would be.

24 Q. Assuming constant volume? It seems to me
25 that if you charge 60 cents for one call and zero for

1 another call that's an average of 30 cents a call and
2 if we look at this sheet on Exhibit C-16 we draw an
3 inference from that. Is that an improper inference
4 assuming volume stayed the same?

5 A. Again, I don't want to say yes because I
6 want to work through the numbers. You're taking a
7 look at -- you've got a free call allowance for some
8 customers who don't make use of that and you have an
9 allowance for customers who do make use of that.

10 Q. I see. And your cost study took projected
11 volumes of all DA calls whether they were charged for
12 or not; is that right?

13 A. Yes.

14 Q. But in your cost study, the revenues are
15 irrelevant, aren't they? You're just looking at the
16 cost?

17 A. I'm just looking at the cost.

18 Q. Well, let's try record requisition 20. If
19 you could just provide a narrative explaining under
20 what circumstances or explaining why or why not the
21 free call allowance does not drive DA service below
22 cost.

23 JUDGE CANFIELD: That's record requisition
24 No. 20.

25 (Record requisition 20.)

1 MR. TROTTER: Your Honor, I have a
2 multi-page exhibit which is an excerpt of the 1993
3 Washington directory assistance study and it has been
4 marked confidential.

5 JUDGE CANFIELD: I will mark this
6 multi-page document as confidential exhibit. The next
7 exhibit number in order is C-23. So marked for
8 identification.

9 (Marked Exhibit C-23.)

10 Q. Do you have Exhibit C-23 in front of you?

11 A. Yes, I do.

12 Q. Could you confirm -- there are numbers in
13 the bottom right-hand corner, could you confirm that
14 these are the first seven pages of your 1993 Washington
15 directory assistance study?

16 A. Yes, they are.

17 Q. Can you turn to page 6 of the exhibit, and
18 this contains a summary of the cost elements that you
19 used in your study?

20 A. Yes, it does.

21 Q. And if we look at the bottom line on this
22 page, those numbers are rounded but they correspond to
23 the numbers on Exhibit 16, Exhibit C-16; is that
24 right?

25 A. Right. Again, the first two columns add up

1 to, I believe, column A.

2 Q. And what we see here are volume-sensitive
3 costs or VSC plus the service-specific fixed costs,
4 SFC, plus the shared residuals costs or SRC; is that
5 right?

6 A. That is correct.

7 Q. And the call volume on the fourth line
8 where it shows calls, what number does that represent?

9 A. The call volume on which line?

10 Q. The line -- you have operator and
11 associated equipment hardware facilities and then
12 calls. That line. The first calls line.

13 A. That represents the anticipated calls for
14 all DA-type services.

15 Q. And then you show a call volume that's
16 levelized over five years. What does that represent?

17 A. That represents that same call volume
18 projected and then levelized.

19 MR. TROTTER: Your Honor, I have a one-page
20 exhibit also confidential response to staff data
21 request No. 9.

22 JUDGE CANFIELD: I will mark that one-page
23 confidential document as the next number in order and
24 that's confidential Exhibit C-24 for identification.

25 (Marked Exhibit C-24.)

1 Q. Do you have C-24 in front of you?

2 A. Yes, I do.

3 Q. Do you recognize this as your response to
4 staff data request 9 that asked you to provide the
5 work papers, et cetera, supporting the five-year call
6 volume forecasting used in the cost study?

7 A. I recognize that as a U S West response,
8 yes.

9 Q. And am I correct that the 1993 estimated
10 annual calls is what is shown on your study on page 6,
11 the first call volume line?

12 A. That's correct.

13 Q. And then is the levelized five-year a
14 simple average of the figures on Exhibit C-24?

15 A. No, it's my understanding is not a simple
16 average.

17 Q. Then -- well, is the levelized call volume
18 on page 6 of Exhibit C-23 taken from the data on C-24?

19 A. I would have to double-check here. But I
20 am not positive without checking numbers.

21 A. Yes, it is.

22 Q. And could you explain, then, how numbers
23 from Exhibit C-24 translate into your levelized call
24 volume on page 6 of your cost study.

25 A. It was -- the levelization used a 10.41

1 percent discount or discount factor over a term of five
2 years.

3 Q. So was that after application of the growth
4 factors?

5 A. And those present value factors were
6 applied to these numbers.

7 Q. These numbers meaning the ones on C-24?

8 A. Right.

9 Q. Do you know how the 1993 estimated annual
10 calls were estimated?

11 A. They were provided through the product --
12 the operator information services finance group. I'm
13 not sure how they came up with their calculations.

14 MR. TROTTER: Your Honor, I have a two-page
15 exhibit which is the company's response to request
16 WUT 01-020.

17 JUDGE CANFIELD: This is likewise
18 confidential document?

19 MR. TROTTER: Yes, it is.

20 JUDGE CANFIELD: So mark as confidential
21 Exhibit C-25.

22 (Marked Exhibit C-25.)

23 Q. This data request asked the company to
24 update a prior data request to include 1993 call
25 volumes and revenues; is that right?

1 A. That is correct.

2 Q. Turning to page 2 of Exhibit C-25. This
3 shows the 1993 volume at a level that exceeds the 1993
4 volume on Exhibit C-24 by a substantial margin; is that
5 right?

6 A. It exceeds it. I'm not sure that I would
7 classify it as substantial, but it does exceed it.

8 Q. And are these -- are we comparing apples
9 and apples here that the types of call volumes on the
10 second page of Exhibit C-25 are the same types that
11 would be included on Exhibit C-24? There's not some
12 category of calling that's included in Exhibit C-25
13 that's not included on C-24?

14 A. That would be my understanding of that,
15 yes.

16 Q. And would you agree that the 1993 volume
17 shown on the second page of C-25 exceeds the company's
18 estimate for annual calls in 1996 as shown on Exhibit
19 C-24?

20 A. Yes, it does.

21 Q. Now, this also shows, does it not, that the
22 call volume in your cost study includes calling other
23 than residence and business?

24 A. That's correct.

25 Q. Did you conduct a study to show what the

1 costs would be if you just focused on the residence
2 and business customers only?

3 A. No, we did not.

4 Q. On Exhibit C-21, last page. It appears that
5 the cost for interexchange carrier DA and LEC, local
6 exchange carrier, DA is different than retail business,
7 residential DA; is that correct?

8 A. Correct.

9 Q. Why is that? Are there billing elements
10 involved or what would be the drivers of that?

11 A. Yes, there is. There's pieces of it that
12 are very similar. In fact you can see on page 6 of
13 the handout that you had, where we had the first call
14 level volume and then we identified a cost per call and
15 that element is common to essentially all the services,
16 but as you get beyond that there are pieces of the way
17 the services are defined and there are elements that
18 apply for exchange carrier versus for interexchange
19 carrier versus for retail DA.

20 Q. Now, back to your cost study, page 6 of
21 Exhibit C-23. Let's focus on the volume-sensitive
22 costs, and the lion's share of those are operator and
23 associated costs; is that right?

24 A. That is correct.

25 Q. Are those truly volume-sensitive in the

1 sense that if you add an operator they may not be fully
2 utilized initially and therefore the addition of that
3 operator may not be totally volume-sensitive?

4 A. The costs as identified here reflect a
5 long-run perspective which would say that the company
6 has time to respond to that change in demand, meaning
7 that if that operator was only used partially we could
8 put a part-time person in; or alternatively
9 if the volume grows we add additional operators. If
10 the volume decreases we respond to that by decreasing
11 the of resources.

12 Q. Now, looking at the operator and associated
13 amount there under VSC, is that a budgeted number or
14 just how did you derive that number?

15 A. That was based on anticipated budget for
16 the classifications of expenses that we felt would be
17 continuing.

18 Q. And budget for what year?

19 A. I would have to look here. 1993.

20 Q. Did you just take the 1993 budget or was it
21 manipulated in some way?

22 A. There was some adjustments made to that
23 budget.

24 Q. And what were those?

25 A. The budget initially, I believe, did not

1 include anticipated going forward costs for post-
2 retirement benefits, and so those additional costs
3 were added in there.

4 Q. Any other?

5 A. I believe there was a couple other
6 miscellaneous ones but that was the greatest piece.

7 Q. Did you go back and compare these to
8 actual?

9 A. Did I? No, I did not.

10 Q. Did U S West, to your knowledge?

11 A. I would have to go back and double-check
12 with the analyst, and potentially we've even got in
13 the write-up as to whether that was done or not done.
14 I guess I'm saying I don't know.

15 Q. So you did not apply any growth factors or
16 TPI or anything else to that operator and associated
17 number? It's just budget plus post-retirement
18 benefits?

19 A. Well, budget and with the understanding
20 that those budget numbers were reviewed for, you know,
21 is this a realistic expectation of the cost we will
22 incur and that's why those adjustments and so forth are
23 in there.

24 Q. And the budget was for 1993?

25 A. Correct.

1 Q. Why did you use the budget on a forward
2 going basis, say 1995 or some other year?

3 A. I can't answer that as to why the cost
4 analyst did. I would assume she felt that that was an
5 accurate portrayal of the 1993 costs.

6 Q. So I take it that that figure that we're
7 talking about, the operator and associated, does not
8 include the cost savings of the regionalization of
9 service centers that U S West is undertaking?

10 A. No. It would not have included that.

11 Q. Have you made an estimate of that cost
12 savings?

13 A. No, we have not, at least at this point.
14 The regionalization as you spoke of is a pretty massive
15 company operational-type thing. So when you say
16 regionalization, that's pretty broad.

17 Q. But there are anticipated cost savings due
18 to that?

19 A. In the long run.

20 Q. And these are long-run cost studies?

21 A. Yes, we spoke of.

22 Q. We've heard examples from Metro Mail which
23 has an on-line directory assistance service. Did you
24 analyze the costs of that type of DA service?

25 A. That type of DA service was not considered

1 when this study was performed.

2 Q. Did you examine the cost of voiceless DA
3 service?

4 A. I believe, as Ms. Nownes -- when you say
5 voiceless you mean like voice response?

6 Q. Voiceless so you can do without a live
7 operator is how I understood it.

8 A. I'm not sure if that was looked at or not.

9 Q. Was there another voiceless type that you
10 were referring to?

11 A. Well, I believe Ms. Nownes indicated that
12 there's some work being done on a trial basis at
13 looking at a voice response-type system. However,
14 those types of costs were not considered here as that
15 is just a trial at this point.

16 Q. Now, operators do other things than
17 directory assistance; is that right?

18 A. Some operators do other functions besides
19 DA.

20 Q. And could you turn to your response to
21 staff data request 14. I think it was the informal.
22 I can provide you a copy.

23 MR. TROTTER: Rather than put this in the
24 record, do you mind if I stand here and go through
25 this?

1 MR. SHAW: Go ahead.

2 Q. You were asked in data request 14 to
3 indicate whether that VSC number in your cost study was
4 net of other costs associated with nonDA tasks. Is
5 that essentially correct? Is my characterization
6 essentially correct?

7 A. Yes.

8 Q. And the response refers us to attachment A
9 page 2. If you could just go to that for a moment. I
10 poured over this, so if you could help me. That
11 portrayal on page 2 attempts to show that the -- that
12 there was a total directory assistance, the
13 nondirectory assistance was pulled out, but the numbers
14 on the bottom line did not seem to correspond to the
15 numbers in your cost study, which I think we've
16 excerpted in Exhibit C-23. Could you just explain how
17 this all fits together?

18 A. Can you give me the in particulars that you
19 just --

20 Q. I just noticed that the total DA on data
21 request 14 was smaller than the operator and associated
22 costs used in your cost study, and that led me to
23 believe that nothing -- that led me to posit that
24 nothing was taken out, that nonDA service were not
25 taken out, that something was added. Now, you've

1 mentioned post-retirement benefits and maybe that's
2 it, but --

3 A. Are you trying to compare this to that
4 volume-sensitive costs that we looked at before?

5 Q. Yes.

6 A. I can't seem to track the numbers here.

7 Q. Let's just make it a record requisition.
8 I'm sure you can -- but you know the issue that I'm
9 talking about?

10 (Record Requisition 21.)

11 A. I know the issue that you're talking about.
12 I have a suspicion but without being able to check the
13 detail --

14 Q. As a response to record requisition 21,
15 just translate the budget -- 1993 budget figures shown
16 on attachment A, page 2 of your response to staff
17 request 14 to the cost study, Exhibit C-23, 1993 budget
18 numbers, and if you could also include as a part of
19 that the post-retirement benefit element stated
20 separately so you can see what that is.

21 Yesterday it was mentioned that if a
22 customer calls on a directory assistance call, it can
23 get two listings for the same price or for the call.
24 Is the incremental cost associated with that
25 additional listing included in your study or is it

1 just trivial or --

2 A. The costs that we would have included in
3 our study is the total operator time from the time the
4 call connected to the time it disconnected. So if a
5 customer asked for one number or two numbers that time
6 would be in that total length, so the cost for that
7 second call is included within the study. Or second
8 request, excuse me.

9 Q. It's included to the extent on average it
10 occurs?

11 A. Right.

12 Q. Now, with respect to the operator and
13 associated costs, are any of the volume -- any of the
14 costs shown on page 6 of Exhibit C-23, was any
15 analysis done as to potential cost savings, for
16 example, elimination of certain operators or reduction
17 in pay for operators or new way of operation that
18 lowers costs? That sort of thing. What factors were
19 considered?

20 A. To the extent that those types of
21 activities were reflected in the 1993 budget they are
22 considered.

23 Q. Do you know of any specific ones that were
24 specifically considered?

25 A. It's kind of a continuing ongoing

1 operational-type thing that I think all of us within
2 U S West as we're budgeting for further years, we
3 incorporate into those budgets known efficiency gains.
4 So is there a formalized quantified number, no, but
5 does the process get you to that same point, yes.

6 Q. Now, the budget was for 1993; is that right?

7 A. Correct.

8 Q. And if you're budgeting for 1993, and you
9 know of a change in 1995, let's say, you wouldn't
10 include that in your 1993 budget, would you?

11 A. It would not have been reflected in the
12 1993 budget.

13 Q. Now, these are long -- we talked yesterday
14 I think about long-run incremental costs. What does
15 "long run" mean to you in that context? Can you describe
16 the years period?

17 A. First of all, when you're taking a look at
18 long run you've really got to keep the service in mind,
19 and long runs from an economics perspective means a
20 long enough period of time so all the inputs and
21 resources have a chance to vary, and for some services
22 that ability to respond to changes is longer than
23 others, and for pieces of equipment it's longer than
24 others. And so U S West has the ability to respond to
25 a changing environment for -- the length of time when

1 we can respond by modifying the operations of our
2 business would be the economics definition of that long
3 run.

4 Q. And by changes to your business, those
5 would be changes to the service that would have cost
6 impact?

7 A. That's correct.

8 Q. Did you review prior directory assistance
9 cost studies?

10 A. For Washington?

11 Q. For Washington or any other U S West state.

12 A. I have reviewed DA studies for New Mexico
13 and for Iowa.

14 Q. And how far -- what are the vintages of
15 those studies?

16 A. Iowa was back within the last year. New
17 Mexico within the last two years.

18 Q. So you did not study the directory
19 assistance cost study, if any, that was used in 1987,
20 I believe?

21 A. No, I did not.

22 Q. One other question that was deferred, I
23 believe, from Mr. Rees. There is a service or tariff
24 -- this is nothing to do with DA but he showed a voice
25 grade basic no signaling and USOC code was PCW EX and

1 the charge was \$1.50. Are you familiar with that item?

2 A. Yes.

3 Q. Is that priced above cost?

4 A. No, it is not.

5 Q. But there's no effort to rephrase that in
6 this docket that you're aware of?

7 A. Not that I am aware of, no.

8 MR. TROTTER: Those are all my questions.
9 Your Honor, I move for the admission of Exhibits C-23
10 through C-25 unless I offered them already.

11 JUDGE CANFIELD: No, they haven't been yet.
12 So any objections to Exhibit C-23, C-24 and C-25.

13 MR. SHAW: None.

14 JUDGE CANFIELD: Exhibits C-23, C-24 and
15 C-25 are so entered into the record as confidential
16 exhibits subject to terms of the protective order.

17 (Admitted Exhibits C-23, C-24, C-25.)

18 JUDGE CANFIELD: That concludes the round of
19 cross. I will ask Mr. Shaw if he has any redirect for
20 Ms. Santos-Rach.

21 MR. SHAW: No redirect, Your Honor.

22 JUDGE CANFIELD: Thank you. With that that
23 concludes the hearing sessions for the company cross
24 session and as was earlier adopted we have a revised
25 schedule which I will just recap, and I will be

1 covering it again in a letter to the parties as well.
2 The prefiling date for staff, public and the intervenor
3 testimony, May 31; prefiling date for company rebuttal,
4 June 17; and the hearing dates for cross of staff,
5 public counsel, intervenors and cross of company
6 rebuttal for June 27, June 29 and 30. And the session
7 for testimony for members of the public on June 28 at a
8 location and time to be announced, and as was alluded
9 to earlier, that may be a Seattle location, depending
10 on further inquiry of the Commission as far as where
11 the most appropriate site would be, but that would be
12 noticed in the notice of hearing, as well as the other
13 times and dates, but otherwise we're looking at Olympia
14 hearings for those other dates and a possible Seattle
15 hearing for that public testimony and that will be
16 covered in the notice of hearing and I will recap the
17 change in the scheduling in my letter as well to the
18 parties.

19 With that that concludes this session then.
20 This hearing is adjourned then.

21 (Hearing adjourned at 12:00 p.m.)

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