

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition)	
Of Qwest Corporation For)	
Competitive Classification)	DOCKET NO. UT-000883
of Business Services in)	
Specified Wire Centers)	

DIRECT TESTIMONY

OF

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DIRECTOR – WASHINGTON REGULATORY AFFAIRS

QWEST CORPORATION

AUGUST 11, 2000

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I.INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION WITH QWEST COMMUNICATIONS, INC.

A. My name is Theresa Jensen. I am the Director of Regulatory Affairs for Qwest Corporation (“Qwest”) in Washington. My business address is 1600 7th Ave., Room 3206, Seattle, Washington 98191.

Q. PLEASE DESCRIBE YOUR BACKGROUND AND WORK EXPERIENCE.

A. I have been employed by Qwest or its predecessors since 1972 and in my current assignment since 1991. I began my career in telecommunications in 1972 as a directory assistance operator. I also worked as a customer service representative for about six years. I then spent several years in Marketing holding various job responsibilities, including, market administrator, account executive, sales manager, instructor, market manager, data systems manager and product manager. From 1987 until 1991 I worked in Strategic Planning and was responsible for developing and implementing Qwest’s Open Network Architecture Plan. In my current assignment, I am responsible for regulatory issues, including, rulemakings, service quality, product and service offerings, depreciation, petitions for competitive classifications and the Washington financial results of operation.

1 **Q. HAVE YOU EVER APPEARED BEFORE THIS COMMISSION ON BEHALF OF**
2 **QWEST?**

3 A. Yes. I have testified as a company policy witness in a number of proceedings before this
4 Commission.

5

6 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of my testimony is to attest to the data found at Attachments G,H,I,K and M
8 of the June, 2000 Qwest Petition for Competitive Classification. I will explain how the
9 data was gathered, what the data represents, and how the data has changed since the
10 original petition was filed. I will also explain how this data satisfies the RCW 80.36.330
11 criteria required in support of Qwest's Petition for Competitive Classification of Business
12 Services in Specified Wire Centers.

13 **I.THE FACTS ABOUT COMPETITION IN WASHINGTON'S**
14 **COMPETITIVE GEOGRAPHIC AREAS.**

15 **Q. WERE ATTACHMENTS G, H, I, K AND M PREPARED AT YOUR DIRECTION?**

16 A. Yes.

17

18 **Q. PLEASE EXPLAIN THE INFORMATION FOUND AT ATTACHMENT G?**

19 A. Attachment G summarizes the carrier specific information by wire center detailed in
20 Attachment H. Attachment G identifies by wire center the following information:

- 1 • The number of collocated alternative providers
- 2 • The number of providers that have a central office switch located within the Qwest
- 3 wire center boundary
- 4 • The number of alternative providers that utilize number portability
- 5 • The number of alternative providers that utilize interim number portability
- 6 • The number of alternative providers that resell Qwest products and services
- 7 • The total number of resellers and alternative providers who port telephone numbers
- 8 • The number of alternative provider resold business lines
- 9 • The number of Qwest business lines
- 10 • The percent of total business lines known to Qwest that are resold by alternative
- 11 providers
- 12 • The number of alternative provider ported telephone numbers
- 13 • The estimated number of Qwest business telephone numbers
- 14 • The percent of alternative provider ported telephone numbers to total estimated
- 15 business telephone numbers
- 16

17 **Q. WHAT DOES ATTACHMENT G DEMONSTRATE?**

18 **A.** Attachment G demonstrates that there is not a single prototype for competition
19 within these wire centers. In some of the competitive geographic areas, competitors are
20 serving customers through their switches located within the wire center boundary. In
21 others, competitors are serving customers through their switches located in neighboring
22 wire center areas.¹ In still others, competitors are serving through a collocation of their
23 facilities in a Qwest central office, through the resale of services, or through a combination
24 of methods. The extent and diversity of the competitive presence in the proposed
25 competitive geographic areas is evidenced by the fact that at least four alternative providers
26 are present in each of the areas.²

¹ Note that the wire centers considered are Qwest wire centers. Each competitor has its own wire center boundaries. One competitor switch may serve customers across several Qwest wire center boundaries.

² Attachment G provides a list of the known competitive presence in each competitive geographic area.

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2 **Q. PLEASE EXPLAIN THE INFORMATION FOUND AT ATTACHMENT H?**

3 **A.** Attachment H identifies alternative provider specific information at a wire center
4 level. Each alternative provider is identified in a “masked” manner. The following
5 information is provided, for each provider, by wire center:

- 6 • The number of unbundled loops subscribed to
- 7 • The number of ported telephone numbers
- 8 • The number of interim ported telephone numbers
- 9 • The number of resold Qwest business lines
- 10 • The number of resold Qwest residence lines
- 11 • The total number of ported telephone numbers
- 12 • The percent of the alternative provider’s ported telephone numbers to total
13 estimated business telephone numbers in that wire center
- 14 • The total number of resold business lines in that wire center
- 15 • The percent of total business lines in that wire center that are known to Qwest that
16 are resold by the alternative provider
- 17 • The total telephone numbers ported and the total resold lines by alternative
18 providers for that wire center
- 19 • The number of Qwest business lines for that wire center
- 20 • The estimated number of Qwest business telephone numbers for that wire center
- 21

22 **Q. WHAT DOES ATTACHMENT H DEMONSTRATE?**

23 **A.** Attachment H demonstrates that alternative providers, in each of the wire centers included
24 as part of this petition, utilize unbundled loops, port telephone numbers of prior Qwest
25 customers and resell Qwest business services. Attachment H does not quantify market
26 share. Qwest cannot fully quantify the percent of market share it has lost because it does
27 not know the number of access lines sold by competitors utilizing their own or other
28 provider network services. Attachment H does quantify those competitive losses Qwest

1 can measure. Attachment H also clearly demonstrates the number of Qwest carrier service
2 options currently utilized by alternative providers operating within these market areas.

3

4 **Q. IS ANY OTHER INFORMATION FOUND AT ATTACHMENTS G AND H?**

5 **A.** Yes. Attachments G and H include both February 2000 and June 1999 quantities for each
6 wire center.

7

8 **Q. HAS QWEST UPDATED ATTACHMENTS G AND H?**

9 **A.** Yes. Exhibit TAJ-2C includes June 2000 information for Attachment G and Exhibit TAJ-
10 3C includes June 2000 information for Attachment H.

11

12 **Q. WHAT IS THE SIGNIFICANCE OF THE INFORMATION FOUND AT EXHIBITS**
13 **TAJ-2C, TAJ-3C and ATTACHMENTS G AND H?**

14 **A.** Exhibits TAJ-2C and TAJ-3C and Attachments G and H identify the number of alternative
15 providers presently offering service in each of the specified wire centers utilizing various
16 Qwest carrier network service options. The ability of alternative providers to make
17 functionally equivalent or substitute services readily available at competitive rates, and
18 under competitive terms and conditions is evidenced by their measurable use of Qwest
19 carrier services. The number of providers present in each wire center combined with their
20 use of resold lines and/or ported telephone numbers quantified at Exhibits TAJ-2C and
21 TAJ-3C and Attachments G and H, represents a portion of the total measure of competitive

1 loss.

2 The number of alternative provider ported telephone numbers represents former Qwest
3 customers presently served by a alternative provider. The customer may retain some
4 services from Qwest but has clearly migrated other services, along with their prior Qwest
5 telephone number, to an alternative provider. Qwest has no specific information on how
6 the quantity of telephone numbers ported represents the number of business lines lost to
7 competition. Qwest cannot quantify what services or how many lines the customer now
8 subscribes to from an alternative provider. Qwest only knows that a customer who
9 previously purchased business service from Qwest, is now purchasing such services from
10 an alternative provider.

11

12 **Q. WHY DOESN'T QWEST KNOW THE NUMBER OF LINES LOST TO**
13 **COMPETITIVE PROVIDERS?**

14 **A.** While the combination of resold lines and ported numbers represents the best measure of
15 competition loss information available to Qwest, it does not fully capture the total
16 competitive loss experienced by Qwest. For example, when a business customer switches
17 to a competitive provider, it may port telephone numbers used externally with the public
18 while changing telephone numbers for lines that are only used internally. The ported
19 number count does not include telephone numbers associated with new and/or additional
20 lines purchased by customers from alternative providers.

21

1 **Q. DOESN'T THE FORMER CUSTOMER ALSO MOVE THEIR LINE, OR AN**
2 **UNBUNDLED LOOP, TO THE ALTERNATIVE PROVIDER?**

3 **A.** Not necessarily. Competitors may access the end user customer through the purchase of
4 unbundled loops or through their own or another providers facilities-based network.
5 Attachment H indicates that most providers who utilize ported telephone numbers do not
6 do so over unbundled loops.

7
8 For example, if you review the information at TAJ-3C for the Bellevue Sherwood wire
9 center, you can see that ten alternative providers have ported 1,880 telephone numbers.
10 However, only two of those same providers utilize Qwest unbundled loops. Six providers
11 subscribed to 808 unbundled loops in this same office as of June, 2000. Five providers sell
12 Qwest business services, one of which also ports prior Qwest telephone numbers. This is
13 an excellent example of the diversity of carrier selections in how this geographic market
14 area is approached by fourteen different local exchange carriers.

15
16 The Seattle Elliott wire center has this same degree of diversity. Twelve alternative
17 providers have ported 5,188 telephone numbers. However, only three of those same
18 providers utilize Qwest unbundled loops. Seven providers subscribed to 585 unbundled
19 loops in this same office as of June, 2000. Seven providers sell Qwest business services,
20 one of which also ports prior Qwest telephone numbers. Another excellent example of the
21 diversity of carrier selections in how this geographic market area is approached by

1 seventeen different local exchange carriers.

2

3 Exhibits TAJ-2C and TAJ-3C clearly demonstrate that alternative providers who utilize
4 their own facilities and switches, other carrier facilities and switches or those providers
5 who utilize Qwest facilities are successful in obtaining prior Qwest business customers.

6

7 **Q. CAN THE COMMISSION QUANTIFY HOW MANY LINES ALTERNATIVE**
8 **PROVIDERS HAVE SOLD IN WASHINGTON?**

9 **A.** Yes. RCW 80.36.310 allows the Commission to require all regulated telecommunications
10 companies potentially affected by a classification proceeding to appear as parties for a
11 determination of their classification. The Commission can then require all such companies
12 to provide the number of lines served in each of the wire centers included in Qwest's
13 Petition.

14

15 **Q. HAS THE COMMISSION EXERCISED THIS AUTHORITY IN THIS**
16 **PROCEEDING?**

17 **A.** Yes. On June 22, 2000, the Commission issued a Notice that required each local exchange
18 company providing service in the areas covered by the Qwest petition to provide
19 information, specifically the number of lines served, in the proposed geographic areas.

20

21 **Q. HOW MANY ALTERNATIVE PROVIDERS HAVE RESPONDED TO THE**

1 **COMMISSION’S REQUEST?**

2 **A.** Nineteen providers have responded to the Commission’s request as of August 8, 2000.
3 They include AT&T, Worldcom, Global Crossing, Winstar, New Edge Networks,
4 Allegiance Telecom of Washington, GTE Communications Corporation, Integra Telecom,
5 Electric Lightwave, Focal Communications Corporation, NextLink, Advanced Telecom
6 Group, GST Telecom, MetroNet, Teligent Services, CCCWA dba Connect, SBC Telecom,
7 Great West Services and Rainier Connect.

8

9 **Q.** **HOW MANY ALTERNATIVE PROVIDERS UTILIZE TELEPHONE NUMBER**
10 **PORTABILITY?**

11 **A.** Exhibit TAJ-4C summaries the number of alternative providers who utilize telephone
12 number portability alternatives in Washington. While eighteen providers utilize this
13 service, ten providers have predominantly used this network capability in the thirty-one
14 wire centers addressed in this petition.

15

16 **Q.** **ARE RESELLERS INCLUDED IN THE TOTAL NUMBER OF ALTERNATIVE**
17 **PROVIDERS WHO PORT TELEPHONE NUMBERS?**

18 **A.** No. Resellers do not port a customers telephone number under resale applications. Ported
19 numbers are only those telephone numbers associated with a line provisioned by a
20 competitive switch provider. Resellers are not included in the total number of alternative
21 providers who port telephone numbers column.

1

2 **Q. HOW MANY ALTERNATIVE PROVIDERS ARE RESELLERS OF QWEST**
3 **SERVICES?**

4 **A.** There are as many as eleven different alternative providers presently reselling service in
5 these thirty-one wire centers.

6

7 **Q. HOW MANY ALTERNATIVE PROVIDERS ARE PURCHASERS OF QWEST**
8 **UNBUNDLED LOOPS?**

9 **A.** There are as many as twelve different alternative providers presently purchasing Qwest
10 unbundled loops in these thirty-one wire centers. Most of these alternative providers are
11 not presently selling basic business exchange services, rather they are selling DSL type
12 services.

13

14 **Q. WERE THESE PROVIDERS INCLUDED IN THE ATTACHMENT G TOTALS?**

15 **A.** No. Alternative providers who only purchase unbundled loops are not included in the totals
16 summarized at Attachment G. They were included as part of Attachment H to demonstrate
17 that a number of alternative providers do subscribe to unbundled loops in these same wire
18 centers. This was done to demonstrate that providers who choose to utilize Qwest
19 unbundled loops as part of their network services can do so. What is clear from the
20 evidence is that many choose not to utilize Qwest unbundled loops and therefore are using
21 their own or alternative provider network facilities.

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Q. PLEASE SUMMARIZE THE INFORMATION FOUND AT EXHIBITS TAJ-2C AND TAJ-3C.

A. Exhibits TAJ-2C and TAJ-3C demonstrate measurable competitive loss. However the information merely represents a lower bound for the actual competitive loss experienced by Qwest. Attachment F and Exhibits TAJ-2C and TAJ-3C demonstrate there is no barrier to entry. There are anywhere from two to eleven resellers and two to twelve providers who utilize alternative network services with ported Qwest telephone numbers operating within a given wire center. Clearly, these carriers not only have Qwest to choose from as their wholesale provider, but also have other providers or their own networks and central office switches from which they can operate. Competitive providers are using unbundled network elements or their own or competitive networks to customize their business service offerings. Business customers in these geographic areas have access to the full spectrum of business services without relying on Qwest for said services.

In determining whether effective competition exists, RCW 80.36.330 directs the Commission to consider “ease of entry” into the relevant market.³ With no fewer than four and as many as twenty alternative providers of business services in each of the competitive geographic areas considered in this petition, it is clear that entry is not limited. This demonstrates that competitors have found the market accessible and entry into the market

³ RCW 80.36.330(1)(d).

1 very possible. If customers were not willing to choose service from non-Qwest providers,
2 or if the services offered by other providers were not on par with those offered by Qwest,
3 then competitors would not be entering into the market so rapidly and successfully. The
4 number of alternative providers, their growing market share, and the loss of customers to
5 competitors demonstrates successful and measurable competition in these markets.

6
7 **Q. PLEASE EXPLAIN THE INFORMATION FOUND AT ATTACHMENT I?**

8 **A.** Attachment I provides a comparison of June 1999 and February 2000 data on alternative
9 provider ported telephone numbers. It demonstrates that the number of ported telephone
10 number utilized by alternative providers and resold business telecommunications services
11 has grown exponentially over a six month period of time, as a result of the competitive
12 environment in Washington. Attachment I demonstrates the degree of success attained by
13 competitors in these wire centers in a relatively short period of time.

14
15 **Q. HAVE YOU UPDATED THE INFORMATION FOUND AT ATTACHMENT I?**

16 **A.** Yes. Exhibit TAJ-5C adds June 2000 information. TAJ-5C indicates that alternative
17 providers offering resold services have captured as much as 15% of a specific market area,
18 while those offering services via ported numbers have captured as much as 27% of Qwest
19 business telephone numbers.⁴

1 ⁴ This only represents customers no longer with Qwest and does not include new CLEC customers or customer
2 lines.

1 **Q. PLEASE EXPLAIN THE INFORMATION FOUND AT ATTACHMENT M?**

2 **A.** Attachment M quantifies the number of providers collocated in Qwest wire centers and
3 identifies wire center areas with central office switches capable of providing equivalent
4 business telecommunications services. As evidenced by the maps of the competitive
5 geographic areas in Attachments K and M, competitors have a measurable presence in
6 each of the competitive geographic areas. Qwest's competitors currently provide extensive
7 service in every segment of the business services market in the competitive geographic
8 areas contained within this petition.

9

10 **I. THE NUMBER AND SIZE OF ALTERNATIVE**

11 **III. (a) PROVIDERS IN THE RELEVANT MARKETS**

12 **Q. HOW MANY ALTERNATIVE PROVIDERS ARE REGISTERED TO**
13 **PROVIDE LOCAL SERVICE IN WASHINGTON?**

14 **A.** Qwest is aware of at least thirty-one competitive providers registered to provide
15 business telecommunications services in Washington and as many as twenty
16 providers offering service in a single wire center included as part of this petition.
17 Each month, several new providers register with the Commission to provide local
18 exchange service.

19

20 **Q. HAVE THESE ALTERNATIVE PROVIDERS BUILT THEIR OWN**

1 **NETWORKS IN WASHINGTON?**

2 **A.** Yes. AT&T (formerly TCG), Electric Lightwave (ELI), Nextlink, Winstar, and
3 Worldcom(formerly MCI) are facilities-based competitive providers with a
4 significant presence in the Washington area. As David Teitzel will testify, these
5 alternative providers are large, well financed and experienced corporations with
6 market capitalizations from almost \$0.5 billion to over \$160 billion.

7
8 These providers have made significant investment into building or obtaining their
9 own network facilities. Several of these competitors have extensive fiber networks
10 placed throughout many of the competitive geographic areas. AT&T reportedly has
11 at least 21,397 fiber miles of cable placed in the Seattle area alone.⁵ Attachment K
12 contains maps that depict known competitive alternative networks in Spokane,
13 Seattle, and Bellevue.⁶

14
15 **Q. DO ALTERNATIVE PROVIDERS HAVE ACCESS TO BUSINESS**
16 **LOCATIONS IN THE WIRE CENTERS INCLUDED IN QWEST'S**
17 **PETITION?**

18 **A.** Yes. As of last year, it was reported that ELI was connected to at least 107

1 ⁵ Id, 1999 Annual CLEC Report. See Attachment E.
1 ⁶ These maps were filed in support of Docket No. UT-990022 and have not been updated since they were originally
2 filed.

1 buildings in the Seattle area and AT&T to 85 buildings in the Seattle area.⁷ After
2 its November 1998 completion of its Spokane switching facility and fiber optic
3 network, Greg Birdsall, Electric Lightwave's Washington general manager noted,
4 "Our all-digital, all fiber-optic network brings an alternative to Spokane businesses
5 as a one-stop telecommunications solution for all of their communications needs."⁸
6
7

8 **Q. DO ALTERNATIVE PROVIDERS DEPLOY THEIR OWN CENTRAL**
9 **OFFICE SWITCHES?**

10 **A.** Yes. Since the beginning of 1996, Nextlink has operated at least one voice switch
11 in the Spokane area. Attachment E also indicates that AT&T, Worldcom, Winstar
12 and ELI have each deployed a voice switch in Seattle. ELI also has a voice switch
13 in Spokane.
14

15 **Q. WHAT OTHER EVIDENCE DOES QWEST RELY UPON TO**
16 **DEMONSTRATE COMPETITION EXISTS?**

17 **A.** Additional evidence of the success of alternative providers can be found at
18 Attachment E. Attachment E includes information collected by New Paradigm
19 Resources Group, Inc. for the 1999 Annual CLEC Report. The report includes

1 ⁷ See Attachment E. 1999 Annual CLEC Report. *New Paradigm Resources Group, Inc.*

1 ⁸ See Attachment L. "Electric Lightwave's Competitive Local and Long Distance Telephone Service Arrives in
2 Spokane," *PR Newswire*, November 11, 1998.

1 information on the percent of revenues attributed to various services offered by
2 alternative providers. Exhibit TAJ-6 summarizes the percent revenues collected
3 for various product categories by alternative provider as detailed at Attachment E.
4 Exhibit TAJ-6 and Attachment E clearly demonstrate that the diverse offerings of
5 the alternative providers are regularly purchased by businesses as substitutes
6 services for those of Qwest.

7 These providers offer service through a variety of means including carrier owned
8 central office switches, carrier facilities independently owned, operated and
9 controlled by the competitors, collocation, resale of Qwest and other carrier
10 products, and unbundled network elements.⁹

11 **IV. CONCLUSION**

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY?**

13 **A.** The evidence of competition for business telecommunications services in these competitive
14 geographic areas leaves no doubt that state and federal policies promoting
15 telecommunications competition has been overwhelmingly successful in these markets.

16 The number of competitors and the availability of a variety of substitute services are a

1 ⁹ See Exhibit TAJ-3C and Attachment H. MFS/Worldcom and AT&T/TCG are identified as separate CLECs
2 because they continue to subscribe to services from Qwest under separate and distinct interconnection agreements
3 even though these CLECs have recently merged. For the purpose of this petition, Exhibit TAJ-3C and Attachment
4 H identifies CLECs by the provider's billing name recorded with the service(s) subscribed to from Qwest.

1 tribute to those policies and the benefits they have brought to consumers. Such success
2 should not spur complacency, however, on the part of companies or the Commission in
3 securing the most important benefits of competition for Washington customers. To enable
4 customers to enjoy the true benefits of competition, the Commission must allow fair,
5 neutral and efficient competition to develop. For customers to realize the fruits of genuine
6 competition, all competitors, including Qwest, must be given parity in regulatory treatment
7 essential to stimulate appropriate investment, pricing and innovation in the market.

8
9 The creation of these efficiencies is the essence of the competitive classification statute,
10 RCW 80.36.330. Once effective competition exists, the only logical and reasonable
11 approach is to allow that competition to take its natural course. Qwest has clearly
12 demonstrated the existence of effective competition as detailed at the attachments showing
13 the number of competitors, their offerings and the success they have attained in each of the
14 market areas included in this petition. In exploring each of the proxies for measuring
15 effective competition set forth in RCW 80.36.330, Qwest has shown that competition is
16 thriving in the competitive geographic areas included in its Petition.

17
18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 **A. Yes it does.**