

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

**IN THE MATTER OF THE INVESTIGATION)
INTO QWEST CORPORATION'S)
COMPLIANCE WITH §271(C) OF THE) DOCKET NO. UT-003022
TELECOMMUNICATIONS ACT OF 1996.)**

**REBUTTAL TESTIMONY OF
THOMAS R. FREEBERG**

**ON BEHALF OF QWEST CORPORATION
REGARDING CHECKLIST ITEM 1**

June 21, 2001

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, EMPLOYER AND ADDRESS.

A. My name is Thomas R. Freeberg. I am employed by Qwest Communications (“Qwest”) as a Director in the Wholesale Local Markets division. My business address is 301 W. 65th St, Suite 100, Richfield, Minnesota 55423. I filed direct and rebuttal testimony in this proceeding on checklist items 1, 3, and 13 during the year 2000. I also filed supplemental testimony on interconnection trunk forecasting on May 16, 2001.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. The purpose of this testimony is to address interconnection trunk forecasting issues identified in the Direct Testimony of Jill S. Wicks on behalf of WorldCom, Inc. Specifically, WorldCom opposes use of Qwest’s forecasting form, Qwest’s proposition that forecasts should precede orders by not less than six months, and Qwest’s use of statewide-average rather than trunk-group-specific utilization rates to determine deposit refund amounts. I am not aware that any intervenor other than WorldCom filed testimony on trunk forecasting.

1 **Q. PLEASE SUMMARIZE THE TESTIMONY PRESENTED HERE.**

2 A. Qwest will no longer require CLEC's to use Qwest's Forecast Form or format.
3 Qwest agrees to accept WorldCom's forecast information in either of the
4 formats that it chooses to use. One of these formats allows WorldCom to
5 revise its projections less than six months prior to it related order. Finally,
6 Qwest explains why it did not re-file its SGAT to explicitly reflect the February
7 2001 advice of Judge Rendahl and the WUTC Staff regarding use of statewide
8 average utilization rates.

9 **III. TESTIMONY**

10 **1. Forecast Form and Format**

11 **Q. CAN QWEST AGREE TO WORLDCOM'S INTERCONNECTION TRUNK**
12 **FORECASTING PROPOSAL?**

13 A. Yes, Qwest agrees to WorldCom's proposal. In the spirit of collaboration,
14 Qwest agrees to remove from the SGAT a requirement that a CLEC must use
15 the Qwest Forecast Form. Qwest will modify the SGAT as follows:

16 7.2.2.8.3 Switch capacity growth requiring the addition of new
17 switching modules may require six months to order and install. To align
18 with the timeframe needed to provide for the requested facilities, including
19 engineering, ordering, installation and make ready activities, ~~the Parties~~
20 ~~will utilize Qwest standard forecast timelines, as defined in the standard~~
21 ~~Qwest LIS Trunk Forecast Forms for growth planning. For capacity~~
22 ~~growth,~~ Qwest will utilize CLEC quarterly forecasts and near-term demand
23 submitted on Unforecasted Demand Notification Forms to ensure
24 availability of switch capacity.
25

1 A. As stated above, if WorldCom chooses to use the approach that it calls “option
2 1,” Qwest will cooperate. This approach allows WorldCom to revise its
3 projections during what has been called the “frozen” period.

4 To be clear, since March of 2001, Qwest no longer has advised any CLEC to
5 artificially reflect near-term growth in a period outside the six-month interval that
6 follows the submission of a forecast. Qwest has removed this advice from all
7 instructions, internally and externally. Qwest employees have been remedially
8 educated not to suggest this approach to a CLEC. Qwest hopes that these
9 changes in practice, accompanied by SGAT revisions, resolve WorldCom’s
10 concerns about “true-ups” and resource requirements.

11 **Q. CAN QWEST ALLEVIATE WORLDCOM’S CONCERNS ABOUT**
12 **UNDERUTILIZATION, FORECAST INTERVALS AND DEPOSITS?**

13 A. Yes, Qwest proposes to incorporate the advice of John Antonuk, into the
14 Washington SGAT. Mr. Antonuk is the moderator of the 271 collaborative
15 workshops in Qwest's seven-state section 271 proceeding. Mr. Antonuk
16 advised that Qwest should not calculate utilization by dividing trunks-required
17 by trunks-forecast. Instead he advised that utilization should be the ratio of
18 trunks-required to trunks-in-service. Qwest proposes modifications to the
19 Washington SGAT at Sections 7.2.2.8.6 and 7.2.2.8.6.1 to incorporate this
20 approach; those changes are reflected in Exhibit TRF-56 attached hereto.

1 This means that neither the trigger for a deposit, nor the calculation of the pro-
2 rata refund, will involve any forecast quantities. Since forecast numbers are not
3 involved in these matters, WorldCom need not be concerned about repeated
4 adjustment of submitted forecast numbers. Even the prospect of submission of
5 a deposit is not based on the forecast quantities.

6 **3. WUTC Staff Recommendations**

7 **Q. DID QWEST FAIL TO PROPERLY INCORPORATE THE ADVICE OF**
8 **WASHINGTON COMMISSION STAFF AND JUDGE RENDAHL**
9 **REGARDING USE OF STATEWIDE AVERAGE UTILIZATION RATES AS A**
10 **TRIGGER FOR SUBMISSION OF DEPOSITS?**

11 A. As Qwest stated in its legal briefs and May 16, 2001 presentation to the
12 Commission, Qwest varied from the explicit advice of Washington Commission
13 Staff and Judge Rendahl regarding use of statewide averages. Qwest did this
14 for three reasons. First, Qwest removed the problem that Staff said had
15 stimulated its advice not to use the statewide average. Second, Qwest
16 believed that procedural similarity from state to state was important to all
17 parties. Third, Qwest expected that a trunk-group specific calculation would
18 more often lead to a smaller deposit refund and hence a more harsh incentive
19 from a CLEC's perspective.

1 **Q. HOW DID QWEST REMOVE THE PROBLEM THAT STAFF IDENTIFIED AS**
2 **HAVING STIMULTED ITS ADVICE NOT TO USE A STATEWIDE**
3 **AVERAGE UTILIZATION RATE?**

4 A. While Staff supported the reasonableness of a deposit, Staff expressed
5 concern in the workshop about Qwest's requirement at 7.2.2.8.6 that it might
6 demand a deposit from an over-forecasting party even when Qwest built to
7 Qwest's lower forecast. Staff asked, for example, if Qwest would deny
8 augmentation of a metropolitan trunk group that was clearly overwhelmed
9 when, due to low utilization of rural trunk groups, the same CLEC's statewide
10 average was below the benchmark. Qwest responded in the January, 2001
11 workshop that it would not deny the augmentation based on failure to submit a
12 deposit in this circumstance. To legally bind itself to that agreement, Qwest
13 deleted much of section 7.2.2.8.6 in its March 20, 2001 SGAT filing in
14 Washington and in the SGAT filings in other jurisdictions. This deletion
15 eliminated the possibility that Qwest would ever seek a deposit from a CLEC
16 when Qwest built to Qwest's lower forecast. It also removed the problem that
17 Staff identified as having stimulated its advice that Qwest not use a statewide
18 average utilization rate to trigger a deposit.

19 **Q. HOW AND WHY DID QWEST ATTEMPT TO CRAFT "PROCEDURAL**
20 **SIMILARITY" REGARDING USE OF STATEWIDE UTILIZATION**
21 **AVERAGES WHEN IT HAD BEEN ADVISED OTHERWISE?**

1 A. Because Qwest removed the problem as just discussed, it hoped that
2 WorldCom and other parties would welcome Qwest's attempt to trigger and
3 refund deposits the same way in each state where WorldCom and Qwest were
4 interconnected. Qwest appreciates that this may not be possible and that this
5 may be more important to some parties than to others.

6 The subject of trunk forecasting has been addressed in several states'
7 workshops since relevant workshops were concluded here in Washington. In
8 each workshop the SGAT has been again modified in favor of the CLEC at the
9 request of the CLEC. Qwest has attempted to incorporate these more
10 favorable terms into all of its states' SGATs under the expectation that CLECs
11 would want that. Again, because Qwest has eliminated the possibility that a
12 party might face a deposit when Qwest built to the lower forecast, it hoped that
13 the Staff's advice about use of trunk-group specific numbers could be modified.

14 **Q. HOW WOULD A TRUNK-GROUP-SPECIFIC CALCULATION RATHER**
15 **THAT A STATEWIDE-AVERAGE CALCULATION MORE OFTEN LEAD TO**
16 **A SMALLER DEPOSIT REFUND, AND HENCE A MORE HARSH**
17 **INCENTIVE FROM A CLEC'S PERSPECTIVE?**

18 A. A trunk-group specific calculation of the refund would need to start when the
19 trunk group had been enlarged. This is expected to be six to nine months after
20 a deposit is submitted. The utilization of that trunk group would fall at the time
21 it was enlarged and then would rise as the group handled new traffic. Trunk

1 group augments typically are sized such that they occur not more frequently
2 than every 12 to 24 months. To expect a recently augmented trunk group to
3 reach 50% utilization six months after it has been augmented is not realistic.
4 Furthermore, compared to the statewide average approach, Qwest would need
5 to hold the deposit a longer period of time, probably 12 to 15 months, before
6 refunding it.

7 A statewide average calculation is fairer and more straightforward. A refund is
8 returned six months after it is submitted. This refund calculation benefits a
9 CLEC by taking into consideration trunk groups with high utilization, and not
10 just those recently augmented and therefore with low utilization. As has been
11 shown previously, Qwest proposes non-discrimination versus its own utilization
12 calculated on a statewide average. The statewide average approach means
13 that in each of the six months after optional deposit submission, the average
14 will be compared to the 50% benchmark. If that benchmark is exceeded in any
15 one of the six months, the deposit is refunded. As captured in the SGAT at
16 Section 7.2.2.8.6.1, the pro-rata assumes a full refund when the state-wide
17 average utilization ratio meets or exceeds 50% for any one of the six months
18 following receipt of deposit. The pro-rata assumes half of the deposit is
19 refunded when the highest state-wide average utilization ratio for any one of
20 the six months after receipt of deposit is 25%.

1 **Q. IS A CLEC WHO CONDUCTS BUSINESS WITH QWEST UNDER THE**
2 **SGAT EVER REQUIRED TO SUBMIT A DEPOSIT?**

3 A. No, submission of a deposit is at a CLEC's option and discretion.

4 **Q. WILL QWEST AGREE TO A "MUTUAL OBLIGATION" INVOLVING ITS**
5 **FAILURE TO SATISFY A CLEC'S FORECASTED NEED?**

6 A. Qwest has agreed to be monetarily penalized for failure to timely provision a
7 CLEC's orders. In fact, Qwest faces its penalties whether the orders are
8 associated with a forecast or not. A forecast simply helps Qwest to be
9 penalized less. If Qwest receives a forecast, and later fails to fill a related order
10 in a timely interval, ROC-audited performance penalties associated with
11 provisioning performance measures OP3, OP4, and OP15 will be levied
12 against Qwest. In addition, if Qwest fails to fill an order, it is likely that blocking
13 performance measure NI1 will reflect that Qwest should pay a second penalty.

14 **IV. CONCLUSION**

15 **Q. WHAT CONCLUDING THOUGHTS ARE IMPORTANT?**

16 A. Qwest has agreed to WorldCom's proposals about trunk forecasting. Qwest's
17 SGAT will be revised again to reflect these agreements. WorldCom's testimony
18 does not rebut Qwest's prima facie showing that it complies with the
19 requirements of checklist item 1. This evidence should contribute to the WUTC's

1 finding that Qwest has complied with checklist item 1. This concludes my
2 testimony.