Qwest
421 Southwest Oak Street
Suite 810
Portland, Oregon 97204
Telephone: 503-242-5420
Facsimile: 503-242-8589
e-mail: carla.butler@qwest.com

Carla M. Butler
Lead Paralegal

April 21, 2006

Annette Taylor
Oregon Public Utility Commission
550 Capitol St., NE
Suite 215
Salem, OR 97301

Re: UM 1251

Dear Ms. Taylor:

Enclosed for filing please find an original and (5) copies of Qwest Corporation's Direct Testimony. The Testimony is marked as follows:

Exhibit Qwest/1	Direct Testimony of Renee Albersheim
Exhibit Qwest/2-Qwest/4	Exhibits to the Direct Testimony of Renee Albersheim
Exhibit Qwest/5	Direct Testimony of Robert Brigham
Exhibit Qwest/6	Exhibit to the Direct Testimony of Robert Brigham (*Confidential*)
Exhibit Qwest/7	Direct Testimony of Rachel Torrence
Exhibit Qwest/8-Qwest/11	Exhibits to the Direct Testimony of Rachel Torrence (Exhibit Qw/10 and Exhibit Qw/11 are *Highly Confidential*)
Exhibit Qwest/12	Direct Testimony of Teresa Million

Also enclosed are Qwest's Responses to the Public Utility Commission's Bench Requests 1-4.

If you have any question, please do not hesitate to give me a call.

Sincerely,

Carla M. Butler

CMB:
Enclosures
L:\Oregon\Executive\Duarte\UM 1251 (TRRO)\UM 1251 Transmittal Ltr 4-21-06.doc

CERTIFICATE OF SERVICE

UM 1251

I hereby certify that on the 21st day of April 2006, I served the foregoing QWEST CORPORATION'S DIRECT TESTIMONY and RESPONSES TO COMMISSION BENCH REQUESTS 1-4 in the above entitled docket on the following persons via U.S. Mail, by mailing a correct copy to them in a sealed envelope, with postage prepaid, addressed to them at their regular office address shown below, and deposited in the U.S. post office at Portland, Oregon.

*Covad Communications Co. Gregory Diamond 7901 E. Lowry Blvd. Denver, CO 80230	*Sarah Wallace Davis Wright Tremaine 1300 SW Fifth Avenue Suite 2300 Portland,, OR 97201	*Karen L. Clauson Eschelon Telecom, Inc. 730 2nd Avenue S Suite 900 Minneapolis, MN 55402-2489
Karen J. Johnson Integra Telecom of Oregon, Inc. 1201 NE Lloyd Blvd. Suite 500 Portland, OR 97232	William A. Haas McLeod USA Telecommunications Svcs, Inc. P.O. Box 3177 6400 C. Street, SW Cedar Rapids, IA 52406-3177	John M. Devaney Perkins Coie, LLP 607 Fourteenth St., NW Suite 800 Washington DC 20005-2011
*Rex Knowles XO Communications Svcs., Inc 111 E. Broadway Suite 1000 Salt Lake City, UT 84111	*Douglas Denney Eschelon Telecom, Inc. 730 2nd Avenue S Suite 900 Minneapolis, MN 55402-2489	Charles Best Electric Lightwave, LLC. P.O. Box 8905 Vancouver, WA 9868-8905

DATED this 21st day of April, 2006.

QWEST CORPORATION

By: _____

ALEX M. DUARTE, OSB No. 02045
421 SW Oak Street, Suite 810
Portland, OR 97204
Telephone: 503-242-5623
Facsimile: 503-242-8589
e-mail: alex.duarte@qwest.com
Attorney for Qwest Corporation

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1251

In the Matter of	)
COVAD COMMUNICATIONS COMPANY,	)
ESCHELON TELECOM OF OREGON, INC.,	)
INTEGRA TELECOM OF OREGON, INC.,	)
MCLEODUSA TELECOMMUNICATIONS	)
SERVICES, INC., and XO	)
COMMUNICATIONS SERVICES, INC.	)
Request for Commission Approval of Non-	)
Impairment Wire Center List.	)

DIRECT TESTIMONY OF

OF

RENÉE ALBERSHEIM

FOR

QWEST CORPORATION

April 21, 2006

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

This testimony provides a brief history of the Triennial Review process that the FCC has undertaken. It also explains the results of the Triennial Review Remand Order ("*TRRO*"). In the *TRRO*, the FCC established rules for determining "non-impaired" wire centers which are used to determine requirements for providing unbundled high-capacity loops and unbundled dedicated transport. This testimony also introduces the witnesses that explain Qwest's methodologies for counting fiber-based collocators and business lines in order to establish which wire centers in Oregon are non-impaired. Qwest asks this Commission to approve Qwest's list of non-impaired wire centers in Oregon so that Qwest may implement the rules that the FCC established in the *TRRO*.

II. IDENTIFICATION OF WITNESS

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

A. My name is Renée Albersheim. I am employed by Qwest Services Corporation, parent company of Qwest Corporation ("Qwest"), as a Staff Advocate. I am testifying on behalf of Qwest. My business address is 1801 California Street, 24th floor, Denver, Colorado, 80202.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS.

A. I have been working in Qwest's Global Wholesale Markets organization since December 2003. Before December 2003, I had worked in Qwest's Information Technologies Wholesale Systems organization since joining Qwest in October 1999. As a Staff Witnessing Representative, I provide support for Qwest's responses to regulatory issues associated with the 1996 Telecommunications Act, FCC orders, state commission decisions, and other legal and regulatory matters.

Prior to becoming a Qwest employee, I worked for 15 years as a consultant on many systems development projects and in a variety of roles, including the following: programmer and systems developer, systems architect, project manager, information center manager and software training consultant. I worked on projects in a number of different industries, including: oil and gas; electric, water and telephone utilities; insurance; fast food; computer hardware; and the military. I also designed and developed a number of applications, including electronic interfaces. During that time, I worked on

several of Qwest's Operations Support Systems ("OSS") as a consultant on Human Resources and Interconnect Access Billing Systems ("IABS") projects.

In addition to working full-time at Qwest, I also earned a Juris Doctor degree from the University of Denver College of Law and passed the Colorado Bar Examination in October 2001. Prior to attending law school, I received a Master of Business Administration in Management Information Systems from the University of Colorado College of Business and Administration in 1985 and a Bachelor of Arts degree from the University of Colorado in 1983.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION BEFORE?

A. Yes, I presented written testimony to this Commission in the interconnection agreement arbitration between Covad and Qwest in 2005, docket ARB 584.

Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. As a witness for Qwest's Global Wholesale Markets organization, I have filed written testimony and appeared before the commissions in Arizona, Colorado, Minnesota, New Mexico, Utah and Washington. In my job as a witness on matters dealing with Qwest's interconnection agreements and operations support systems, I have also submitted written testimony in Idaho, North Dakota, South Dakota, Montana, and Nebraska.

III. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to put this case into context by giving a high-level summary and the appropriate background for the case, as well as to introduce Qwest's other witnesses who will testify in more detail about the specific issues in the case. For example, I will explain the origins of the FCC's Triennial Review Remand Order ("*TRRO*") that is at issue in this proceeding. I will also explain the unbundling changes mandated by the *TRRO*, and will discuss the portion of the *TRRO* that is being addressed by this Commission in this proceeding. Finally, as I mentioned, I will introduce each of Qwest's witnesses, and will briefly describe the testimony that they will provide in support of Qwest's positions in this case.

IV. A BRIEF HISTORY OF *TRO/TRRO*

Q. PLEASE BRIEFLY DESCRIBE THE GENESIS OF THE FCC's TRIENNIAL REVIEW.

A. In 2001, the FCC initiated a proceeding to review its policies on unbundling under the Telecommunications Act of 1996 ("the Act").[1] The FCC sought "comment on how best to update its rules and make them more 'granular' to reflect competitive conditions in

[1] *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket Nos. 01-338, 96-98, 98-147, Notice of Proposed Rulemaking, 16 FCC Rcd 22781 (2001) ("*Triennial Review NPRM*").

different markets."[2] The FCC's intent was to ensure that its unbundling rules were faithful to the requirements of the Act, but at the same time reflected changes in the marketplace for telecommunications services and advances in technology, and remove unbundling obligations in response to these changes.[3]

Q. WHAT WAS THE RESULT OF THE TRIENNIAL REVIEW?

A. Upon completion of the Triennial Review, the FCC published its Triennial Review Order ("*TRO*") in October 2003.[4] This order created a revised list of unbundled network elements ("UNEs"), removed unbundling requirements for broadband services in order to encourage investment in broadband facilities, and established a significant role for state commissions to determine impairment in markets for dedicated transport and mass market switching.

Q. DID THESE NEW RULES COMPLETE THE TRIENNIAL REVIEW PROCESS?

A. No. A number of impacted parties appealed the *TRO* to the D.C. Circuit Court of Appeals. The court upheld a number of the rules that the FCC had established in the *TRO*, but most relevant to this proceeding, the court vacated and remanded the FCC's findings of nationwide impairment for mass market switching and dedicated transport.

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[2] http://www.fcc.gov/wcb/cpd/triennial_review/.

[3] *In the Matter of Review of Unbundled Access to Network Elements, Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, Order on Remand, CC Docket No. 01-338, WC Docket No. 04-313, 20 FCC Rcd 2533, at 2 (2004).

[4] *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket Nos. 01-338, 96-98, 98-147, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, 19 FCC Rcd 16978, 17145 (2003) ("Triennial Review Order" or "TRO").

The court also vacated the FCC's delegation of authority to state commissions to conduct granular impairment analysis as established in the *TRO*. *United States Telecom Ass'n v. FCC*, 359 F.3d 554 (2004) ("*USTA II*"). The court determined that the FCC did not properly relate the possibility of competitive deployment of facilities in one market to the actual deployment of facilities in similar geographic markets. *Id*. at 575.

Q. HOW DID THE FCC RESPOND TO THE *USTA II* DECISION?

A. In August 2004, the FCC issued an Interim Order and Notice of Proposed Rulemaking ("*NPRM*") eliminating a number of sections of the *TRO*, and sought comment on a response to *USTA II*. The FCC then published the *TRRO* on February 4, 2005.[5]

Q. WHAT RULES ESTABLISHED BY THE *TRRO* ARE RELEVANT TO THIS PROCEEDING?

A. Among other things, the *TRRO* clarifies ILEC obligations to provide unbundled access to dedicated interoffice transport and high-capacity loops. The *TRRO* also clarifies the "impairment" standard. Impairment is now evaluated as it relates to the capabilities of a "reasonably efficient competitor." *TRRO*, at ¶ 24. Using this standard, the *TRRO* establishes route-by-route unbundling requirements for dedicated interoffice transport depending on the number of "business lines"[6] and "fiber-based collocators"[7] in particular

[5] *In the Matter of Review of Unbundled Access to Network Elements, Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, Order on Remand, CC Docket No. 01-338, WC Docket No. 04-313, 20 FCC Rcd 2533, (2004) ("*Triennial Review Remand Order*" or "*TRRO*").

[6] 47 CFR § 51.5 defines a "business line" as follows: "A business line is an incumbent LEC-owned switched access line used to serve a business customer, whether by the incumbent LEC itself or by a competitive LEC that leases the line from the incumbent LEC."

wire centers. For DS1 and DS3 loops, the FCC uses a methodology similar to its treatment of high-capacity transport. Specifically, the FCC establishes a wire center-by-wire center unbundling requirement to determine whether a wire center is subject to actual or potential competition based on the number of business lines and fiber-based collocators in that wire center. These new unbundling requirements will be discussed in greater detail in the next section.

Q. DID THE FCC REQUIRE ILECs TO TAKE ANY IMMEDIATE ACTION IN RESPONSE TO THE *TRRO*?

A. Yes. Based on the transition plan outlined in the *TRRO* at paragraphs 142 through 145 and paragraphs 195 through 198, ILECs such as Qwest were required to file a list of non-impaired wire centers coincident with the effective date of the *TRRO*. Qwest also received a letter from the FCC requesting the list of non-impaired wire centers. This letter is attached as Qwest/2. Qwest filed a list of non-impaired wire centers in February 2005. As discussed in the testimony of Qwest witness Ms. Torrence, the list was amended in July 2005.[8] The current list of non-impaired wire centers in the state of Oregon is attached as Qwest/3.

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[7] 47 CFR § 51.5 defines a "fiber-based collocator" as follows: "A fiber-based collocator is any carrier, unaffiliated with the incumbent LEC, that maintains a collocation arrangement in an incumbent LEC wire center, with active electrical power supply, and operates a fiber-optic cable or comparable transmission facility that (1) Terminates at a collocation arrangement within the wire center; (2) Leaves the incumbent LEC wire center premises; and (3) Is owned by a party other than the incumbent LEC or any affiliate of the incumbent LEC, except as set forth in this paragraph."

[8] In August 2005, Qwest submitted a list which corrected a typographical error in the CLLI code of one Colorado wire center. The wire centers listed did not change.

Q. GIVEN THAT THE FCC HAS ESTABLISHED THE RULES FOR DETERMINING NON-IMPAIRMENT, WHY HAS QWEST COME BEFORE THIS COMMISSION?

A. Qwest is not asking this Commission to issue an order regarding the *TRRO* rules themselves. The FCC intended the unbundling rules established in the *TRRO* to be largely self-effectuating and implemented through negotiations between ILECs and CLECs. *TRRO*, at ¶ 233. Rather, Qwest is simply asking this Commission to approve the list of non-impaired wire centers in Oregon that Qwest has created to implement the rules that the FCC established in the *TRRO*. Following a discussion of the new impairment standards that the FCC established, I will introduce the witnesses who will discuss Qwest's data in support of this list in more detail.

V. NON-IMPAIRMENT THRESHOLDS FOR TRANSPORT AND THE WIRE CENTER TIER STRUCTURE

Q. WHAT IS THE WIRE CENTER TIER STRUCTURE THAT THE FCC ESTABLISHED IN THE *TRRO* FOR HIGH-CAPACITY TRANSPORT?

A. The FCC created a three-tier structure to classify wire centers based on their potential to support competitive transport deployment. Per the FCC,

> "Tier 1" wire centers are those with the highest likelihood for actual and potential competitive deployment, including wholesale opportunities.
>
> "Tier 2" wire centers also show a very significant but lesser likelihood of actual and potential competitive deployment.

"Tier 3" wire centers are those that show a generally low likelihood of supporting actual or potential competitive transport deployment. *TRRO*, at ¶ 111.

Q. WHAT CRITERIA DID THE FCC USE TO DETERMINE WHICH WIRE CENTERS CAN BE CLASSIFIED AS TIER 1 WIRE CENTERS FOR HIGH-CAPACITY TRANSPORT?

A. The FCC defines "Tier 1" wire centers as those with four or more fiber-based collocators, or with 38,000 or more business lines. 47 CFR § 51.319(e)(3)(i). The FCC determined that these thresholds indicate that very extensive CLEC transport deployment exists or is likely to exist in these wire centers, and that competitors are likely to provide transport services on a wholesale basis. *TRRO*, at ¶ 112.

Q. WHAT CRITERIA DID THE FCC USE TO DETERMINE WHICH WIRE CENTERS CAN BE CLASSIFIED AS TIER 2 WIRE CENTERS FOR HIGH-CAPACITY TRANSPORT?

A. The FCC defines "Tier 2" wire centers as those with three or more fiber-based collocators, or with 24,000 or more business lines. 47 CFR § 51.319(e)(3)(ii). These thresholds suggest that multiple carriers have overcome the costs of deployment and that there are revenues available to substantiate deployment. *TRRO*, at ¶ 118.

Q. WHAT CRITERIA DID THE FCC USE TO DETERMINE WHICH WIRE CENTERS CAN BE CLASSIFIED AS TIER 3 WIRE CENTERS FOR HIGH-CAPACITY TRANSPORT?

A. The FCC considers all wire centers that are not Tier 1 or Tier 2 wire centers as "Tier 3" wire centers. 47 CFR § 51.319(e)(3)(iii). Put another way, all wire centers with fewer than three fiber-based collocators or with fewer than 24,000 business lines are Tier 3 wire centers.

Q. WHAT IS THE SIGNIFICANCE OF THE FCC'S WIRE CENTER TIER STRUCTURE FOR HIGH-CAPACITY TRANSPORT?

A. The FCC uses these tiers as indicators of non-impairment and bases its unbundling requirements for DS1, DS3 and dark fiber interoffice transport on these tiers. Please see Exhibit Qwest/4 for an illustration of the wire center tier structure and the non-impairment criteria.

Q. WHAT ARE THE UNBUNDLING REQUIREMENTS FOR DS1 TRANSPORT?

A. The FCC determined that there is no impairment for DS1 interoffice transport between Tier 1 wire centers. As a result, ILECs such as Qwest are not obligated to provide unbundled DS1 interoffice transport on routes connecting two Tier 1 wire centers. 47 CFR § 51.319(e)(2)(ii)(A).

Q. WHAT ARE THE UNBUNDLING REQUIREMENTS FOR DS3 TRANSPORT?

A. The FCC concluded that there is no impairment for DS3 interoffice transport on routes connecting wire centers where both of the wire centers are either Tier 1 or Tier 2 wire centers. The FCC determined that competitive transport facilities have been or can be deployed between such wire centers, and that significant revenue opportunities make such deployments economically feasible. Therefore, ILECs such as Qwest are not obligated to provide unbundled DS3 interoffice transport on routes connecting either Tier 1 or Tier 2 wire centers. 47 CFR § 51.319(e)(2)(iii)(A).

Q. WHAT ARE THE UNBUNDLING REQUIREMENTS FOR DARK FIBER TRANSPORT?

A. The FCC concluded that there is no impairment for dark fiber interoffice transport on routes connecting wire centers where both of the wire centers are either Tier 1 or Tier 2 wire centers. The FCC determined that competitive transport facilities have been or can be deployed between such wire centers, and that significant revenue opportunities make such deployments economically feasible. Therefore, ILECs such as Qwest are not obligated to provide unbundled dark fiber interoffice transport on routes connecting either Tier 1 or Tier 2 wire centers. 47 CFR § 51.319(e)(2)(iv)(A).

VI. NON-IMPAIRMENT THRESHOLDS FOR UNBUNDLED DS1 AND DS3 LOOPS

Q. DID THE FCC USE THE WIRE CENTER TIER STRUCTURE TO ESTABLISH NON-IMPAIRMENT THRESHOLDS FOR HIGH-CAPACITY LOOPS?

A. No. However, the FCC uses a methodology similar to its treatment of high-capacity transport in that it establishes a wire center-by-wire center unbundling requirement to determine whether a wire center is subject to actual or potential competition for high-capacity loops, based upon business line counts and fiber-based collocator counts.

Q. WHAT IS THE IMPAIRMENT THRESHOLD FOR UNBUNDLED DS1 LOOPS?

A. Per the FCC, there is no impairment in any building within a service area of a wire center that contains 60,000 or more business lines and four or more fiber-based collocators. 47 CFR § 51.319(a)(4)(i). Therefore, ILECs such as Qwest are not obligated to provide unbundled DS1 loops in these wire centers.

Q. WHAT IS THE IMPAIRMENT THRESHOLD FOR UNBUNDLED DS3 LOOPS?

A. The FCC determined that there is no impairment in any building within a service area of a wire center that contains 38,000 or more business lines and four or more fiber-based collocators. 47 CFR § 51.319(a)(5)(i). Therefore, ILECs such as Qwest are not obligated to provide unbundled DS3 loops in these wire centers.

Q. IS THERE AN IMPAIRMENT THRESHOLD FOR UNBUNDLED DARK FIBER LOOPS?

A. No. The FCC determined that there is no impairment for dark fiber loops. Therefore, ILECs such as Qwest are no longer obligated to provide unbundled dark fiber loops in any wire center. 47 CFR § 51.319(a)(6)(i).

VII. QWEST'S METHODOLOGIES FOR ESTABLISHING NON-IMPAIRED WIRE CENTERS

Q. HAS QWEST ESTABLISHED METHODOLOGIES FOR COUNTING FIBER-BASED COLLOCATORS AND NUMBERS OF BUSINESS LINES?

A. Yes. These methodologies will be discussed in detail by other Qwest witnesses in this proceeding.

Q. WHICH QWEST WITNESS WILL EXPLAIN QWEST'S DATA REGARDING FIBER-BASED COLLOCATORS?

A. Qwest witness Rachel Torrence will discuss Qwest's count of fiber-based collocators. Ms. Torrence will provide the results of Qwest's fiber-based collocation counts in Oregon wire centers.

Q. WHICH QWEST WITNESS WILL EXPLAIN THE METHODOLOGY THAT QWEST USES TO COUNT BUSINESS LINES?

A. Qwest witness Robert H. Brigham will discuss Qwest's count of business lines. Mr. Brigham will provide the results of Qwest's business line counts in Oregon wire centers.

Q. WHAT IS THE RESULT OF A DETERMINATION OF NON-IMPAIRMENT FOR DS1 OR DS3 TRANSPORT OR FOR CERTAIN HIGH-CAPACITY LOOPS?

A. Put very simply, the associated circuits will need to be converted from UNEs to alternative Qwest services, to another carrier, or self-provisioned by the CLEC.

Q. WHICH QWEST WITNESS WILL DISCUSS THE ACTIVITIES ASSOCIATED WITH SUCH CONVERSIONS?

A. Qwest witness Teresa K. Million will discuss the activities associated with the conversions of UNEs to alternative Qwest services, including Qwest's assessment of a nonrecurring charge for these conversions.

VIII. PROCESS FOR UPDATING LIST OF NON-IMPAIRED WIRE CENTERS

Q. SHOULD QWEST BE ALLOWED TO UPDATE THE LIST OF NON-IMPAIRED WIRE CENTERS?

A. Yes, Qwest should be allowed to update the list of non-impaired wire centers as often as necessary. For example, at any point in time, a new fiber-based collocation could be placed in a central office, changing the status of that central office to non-impaired.

Q. DOES QWEST EXPECT TO UPDATE ITS LIST OF NON-IMPAIRED WIRE CENTERS IN THE FUTURE?

A. Yes, Qwest expects to update its list of non-impaired wire centers to the extent that additional wire centers meet the FCC criteria in the future. As noted above, the FCC

determined that the rules in the *TRRO* are self-effectuating, and that "our unbundling rules are designed to remove unbundling obligations over time." *TRRO*, at ¶ 3. Thus, going forward, if updates to the list of non-impaired wire centers are required, Qwest intends to update the list of non-impaired wire centers using the same FCC counting methodologies described in this proceeding.

Q. HAS QWEST ESTABLISHED PROCEDURES FOR TRANSITIONING HIGH-CAPACITY UNES WHEN ADDITIONAL WIRE CENTERS ARE FOUND TO BE NON-IMPAIRED?

A. Yes. Qwest has memorialized these procedures in section 2.8.4 of the *TRO*/*TRRO* Amendment to its interconnection agreements. Summarizing this language:

- Qwest will provide notice to the CLECs and this Commission when wire centers are reclassified.
- Thirty (30) days after such notification, CLECs will no longer order impacted high-capacity UNEs in or between these wire centers.
- CLECs will have ninety (90) days to transition existing DS1 and DS3 UNEs to an alternative service and 180 days to transition dark fiber.

Q. DOES QWEST AGREE THAT CLECs SHOULD HAVE THE OPPORTUNITY TO DISPUTE CHANGES MADE TO THE LIST OF IMPAIRED WIRE CENTERS?

A. Yes. Qwest believes that the CLECs should have the opportunity to raise factual disputes regarding Qwest's data. However, Qwest does not believe the CLECs should have the opportunity to re-litigate the methodology set forth by the FCC.

Q. WHAT DOES QWEST CONSIDER AN APPROPRIATE DISPUTE RESOLUTION PROCESS?

A. Qwest agrees with the Joint CLECs that a single docket to resolve disputes would be the most efficient process.[9] Qwest envisions a process similar to current tariff filing procedures. Qwest would initiate a proceeding with this Commission and give notice via Qwest's Change Management Process ("CMP") that it has determined that additional wire centers are impaired.[10] Parties would then have 30 days to raise any objection to the addition to the non-impaired wire center list, and if no objection is raised, the wire center list should be updated by operation of law.

[9] The FCC stated in the *TRRO* its purpose was to avoid unnecessary litigation. "We are acutely aware of the need to base any test we adopt here on the most objective criteria possible in order to avoid complex and lengthy proceedings that are administratively wasteful but add only marginal value to our unbundling analysis. Most parties seem to agree that long, extended proceedings add significant costs as well as uncertainty about the future state of the rules and an easily administrable test will avoid that uncertainty." *TRRO*, at ¶ 99.

[10] The CMP is a formal collaborative process between Qwest and its CLEC customers for management of changes to Qwest's operations support systems including pre-ordering, ordering, billing and maintenance and repair processes as mandated by the FCC's 271 requirements.

Q. SHOULD SUCH A PROCEEDING BE ALLOWED TO DELAY THE ADDITION OF NEW WIRE CENTERS TO THE LIST OF NON-IMPAIRED WIRE CENTERS?

A. No. Qwest believes that this process should not be used as a means to delay the designation of new wire centers as non-impaired. Therefore, Qwest would ask that any such process be expedited, and that the designation of new non-impaired wire centers should be effective 30 days following the initial notification to CLECs that the wire center status has changed. If a dispute is raised to the change in status, Qwest would not implement a change in rates until the docket is complete; however, Qwest would back bill CLECs to the effective date if the change in wire center status is approved.[11] Qwest also believes the result of the docket should be binding upon all CLECs.

IX. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony describes the history of the FCC's Triennial Review process, as well as the results of the FCC's *TRRO*. I describe the wire center tiers that the FCC defined to identify non-impaired wire centers. I also introduce the Qwest witnesses who will discuss Qwest's count of fiber-based collocators and business lines. Qwest asks this Commission to adopt Qwest's list of non-impaired wire centers in the state of Oregon so that Qwest may obtain the unbundling relief that the FCC intended in its *TRRO*. Qwest also asks this Commission to adopt Qwest's proposed procedures for designation of non-impaired wire centers in the future.

[11] The FCC anticipated such a true-up procedure in the *TRRO*. See e.g., *TRRO*, at fns.408, 524, 630.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Federal Communications Commission
Washington, D.C. 20554

February 4, 2005

Via Facsimile and First Class Mail

Gary R. Lytle
Senior Vice President, Federal Relations
Qwest
607 14th Street, NW, Suite 950
Washington, DC 20005

Re: Unbundled Access to Network Elements, WC Docket No. 04-313; Review of Section 251 Unbundling Obligations for Incumbent Local Exchange Carriers, CC Docket No. 01-338

Dear Mr. Lytle:

On February 4, 2005, the Commission released its *Triennial Review Remand Order*, adopting rules governing the unbundling obligations of incumbent LECs regarding, among other things, dedicated transport and high-capacity loops.[1] In crafting impairment thresholds for these elements that relied on readily ascertainable, quantitative criteria, the Commission sought to facilitate prompt implementation of its revised rules, and to minimize disputes regarding the scope of an incumbent LEC's unbundling obligations in any particular case. The Bureau is mindful of the need for certainty within the industry regarding the scope of unbundling obligations. Such certainty depends on the timely incorporation of the *Triennial Review Remand Order*'s fact-dependent rules into revised interconnection agreements. To this end, we ask that you provide the Bureau a list identifying by Common Language Location Identifier (CLLI) code [2] which wire centers in your company's operating areas satisfy the Tier 1, Tier 2, and Tier 3 criteria for dedicated transport, and identifying by CLLI code the wire centers that satisfy the nonimpairment thresholds for DS1 and DS3 loops.[3] We ask that you submit this information into the above-referenced dockets by February 18, 2005.

The Bureau believes that this information will expedite the implementation of the Commission's rules implementing the Act. I thank you in advance for your prompt reply to this request.

Sincerely,

/s/
Jeffrey J. Carlisle
Chief, Wireline Competition Bureau

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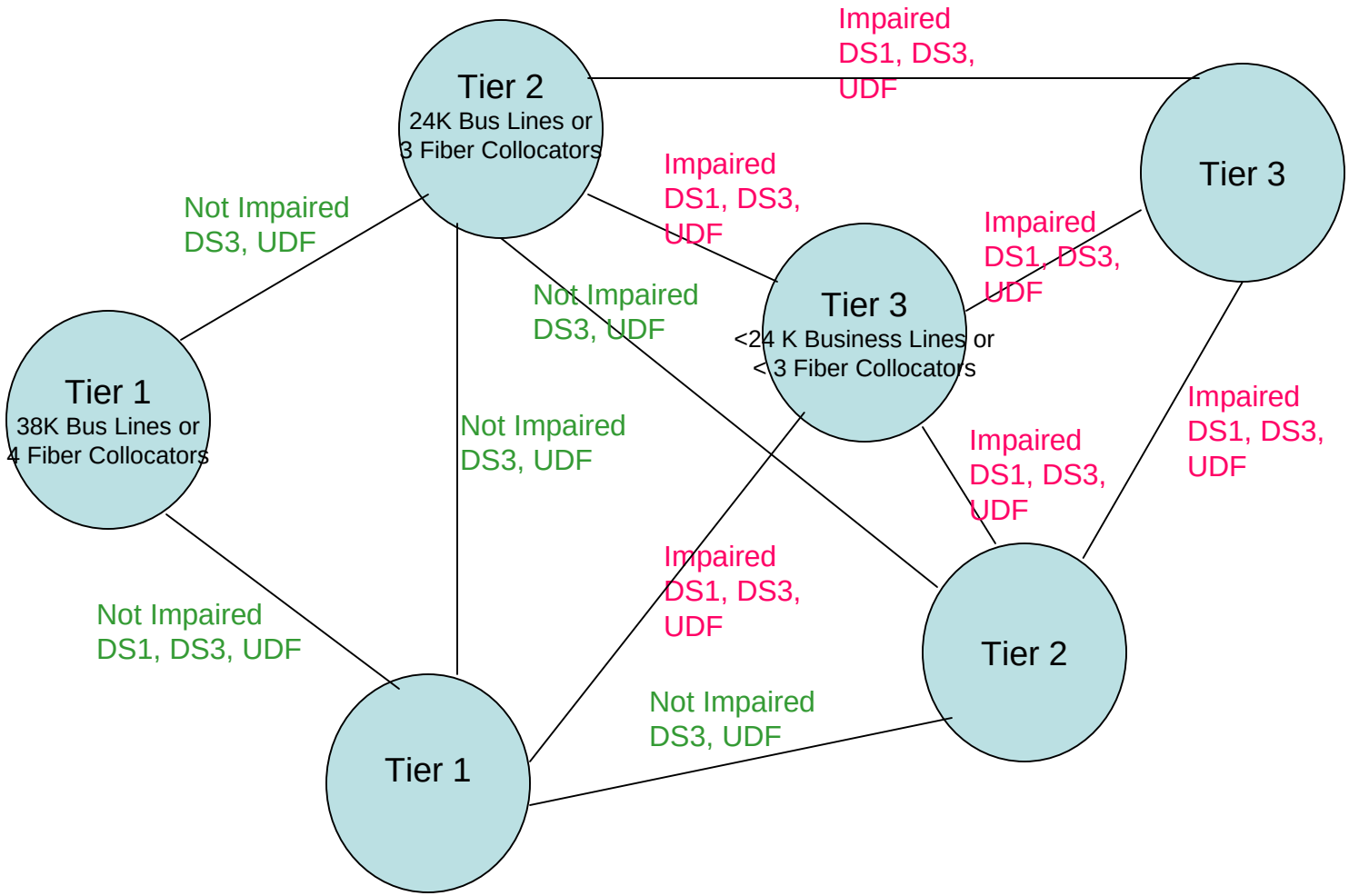
[1] *Unbundled Access to Network Elements; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, WC Docket No. 04-313, CC Docket No. 01-338, Order on Remand (*Triennial Review Remand Order*).

[2] The CLLI code is an eight character code that identifies a particular wire center.

[3] *Id*. at para. 120 (defining Tier 1 wire centers); *id*. at para. 126 (defining Tier 2 wire centers); *id*. at para. 131 (defining Tier 3 wire centers); *id*. at para. 185 (defining wire center nonimpairment threshold for DS3 loops); *id*. at para. 189 (defining wire center nonimpairment threshold for DS1 loops); *see also id*., App. B, 47 C.F.R. §§ 51.319(a)(4)(i), (a)(5)(i), (e)(3).

ST	Wire Center Name	Wire Center CLLI8 Code	Wire Center Classification for Transport Non-Impairment	No Requirement to Unbundle the following
OR	EUGENE 10TH AVE	EUGNOR53	Tier 1	
OR	MEDFORD	MDFDOR33	Tier 1	
OR	PTLD BELMONT	PTLDOR13	Tier 1	
OR	PTLD CAPITOL	PTLDOR69	Tier 1	DS1 & DS3 loops
OR	SALEM STATE(MAIN)	SALMOR58	Tier 1	
OR	BEND	BENDOR24	Tier 2	
OR	PTLD ALPINE	PTLDOR11	Tier 2	

Transport Impairment



BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1251

In the Matter of:

COVAD COMMUNICATIONS COMPANY, ESCHELON TELECOM OF OREGON, INC., MCLEODUSA TELECOMMUNICATIONS SERVICES INC., and XO COMMUNICATIONS SERVICES, INC.

Request for Commission Approval of Non-impairment Wire Center List

DIRECT TESTIMONY OF

ROBERT H. BRIGHAM

FOR

QWEST CORPORATION

April 21, 2006

DIRECT TESTIMONY OF ROBERT H. BRIGHAM
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SUMMARY OF TESTIMONY

My testimony presents Oregon business access line data that, along with the collocation data presented by Qwest witness Rachel Torrence, should be used to determine which Oregon wire centers are "non-impaired" without Competitive Local Exchange Carrier ("CLEC") access to DS1/DS3 loop and transport Unbundled Network Elements ("UNEs"). My testimony describes the methodology that the FCC established in its Triennial Review Order on Remand ("*TRRO*"),[1] which Qwest utilized to establish the number of business access lines in each wire center. As described in my testimony, Qwest closely followed the FCC's definition of "business lines" outlined at paragraph 105 of the *TRRO* and in 47 CFR § 51.5:

> The BOC wire center data that we analyze in this Order is based on ARMIS 43-08 business lines, plus business UNE-P, plus UNE-Loops.[2]

TRRO-related proceedings have been completed in a number of other states, and commissions in California, Georgia, Florida, Illinois, Indiana, Ohio, South Carolina, Texas and other states have approved methodologies for the identification of RBOC business line counts that are very similar to the methodology that Qwest has used in Oregon and its other states. As I discuss in my testimony, these state commissions have found that these methodologies are reasonable and in compliance with the FCC's guidelines.

[1] FCC 04-290; CC Docket No. 01-338, released February 4, 2005.

[2] The FCC's rules are further defined in 47 CFR § 51.5, where the FCC clarified that each 64 kilobit per second (kbps) equivalent channel in a digital access line shall be counted as one "business line."

As described in greater detail in the direct testimony of Qwest witness Renee Albersheim, the FCC has determined in the *TRRO* that wire centers containing at least 60,000 business lines and four or more fiber collocators are non-impaired with regard to DS1 local loops, and wire centers containing at least 38,000 business lines and at least four fiber collocators are non-impaired with respect to DS3 local loops. In addition, the FCC determined that wire centers are "non-impaired" with respect to DS1 interoffice transport if the wire centers at both ends of a transport route contain at least 38,000 business lines or have at least four fiber-based collocators ("Tier 1" wire centers), and are non-impaired with respect to DS3 interoffice transport if both wire centers at each end of the transport route contain at least 24,000 business lines or at least three fiber-based collocators ("Tier 2" wire centers).

Based on Qwest's analysis of both business line counts and fiber collocation data, the Portland-Capitol wire center meets the non-impairment standard for DS1 and DS3 unbundled loops. Five Oregon wire centers—Eugene 10th Avenue, Medford, Portland Belmont, Portland Capitol and Salem State (Main)—meet the FCC's transport threshold for "Tier 1" non-impairment status. Two Oregon wire centers—Bend and Portland Alpine—meet the FCC's transport threshold for "Tier 2" non-impairment status. The Commission should find that the business line data I am presenting, along with the fiber collocation data presented by Ms. Torrence, support these non-impairment classifications.

I. IDENTIFICATION OF WITNESS

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

A. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado, and I am currently employed by Qwest Services Corporation ("QSC") as a Staff Director in the Public Policy department. I am testifying on behalf of Qwest Corporation ("Qwest").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. In 1983, I received a Master of Business Administration (MBA) degree from the University of Colorado in Denver, Colorado. My area of emphasis was financial analysis. I received a Bachelor of Arts degree in 1974 from Stetson University.

I began my employment with Qwest (formerly Mountain Bell and U S WEST) in 1976. Between 1976 and 1980, I held various positions in the Mountain Bell Commercial (marketing) department. In 1980, I accepted the position of Analyst in the Cost, Rates and Regulatory Matters department, working primarily on the development of embedded cost data. In June 1987, I accepted the position of Manager in the U S WEST Service Cost organization, with responsibility for economic analysis and the development of incremental costing methodologies. In September 1992, I accepted the position of Director- Product Cost Specialist, and assumed responsibility for developing and supporting U S WEST cost studies in formal regulatory proceedings, and representing U S WEST in costing and pricing workshops sponsored by various regulatory commissions in the U S WEST region.

Between May 1994 and June 1997, I served as Director- Product and Market Issues. In that position, I managed competitive and local interconnection issues for U S WEST and supported U S WEST's interconnection negotiation and arbitration efforts. In June 1997, I rejoined the U S WEST cost organization as Director-Service Costs, where I was responsible for managing cost issues, developing cost methods and representing Qwest in proceedings before regulatory commissions. I held this position until April 2004, when I assumed my present responsibilities. In my current role, I represent Qwest on issues concerning pricing, competition and regulatory issues.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS COMMISSION?

A. Yes, I have submitted testimony before this Commission on several occasions. Most recently, in 2005, I provided testimony in Docket UX 29 (*In the Matter of the Petition of Qwest Corporation to Exempt from Regulation Qwest's Switched Business Services*). In addition, in 1995, I presented pricing testimony in docket UM 351; in 1997, I presented cost testimony in docket UT 138; in 1998, I presented cost testimony in docket UM 773; and in 1999, I presented cost testimony in docket UT 125. I have also participated in many workshops involving cost issues (most recently in 2003), and was U S WEST's primary representative in the "building block" cost workshops conducted in docket UM 351.

Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes. I have presented testimony before commissions in Arizona, Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Utah and Wyoming.

II. PURPOSE OF TESTIMONY

A. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the methodology that Qwest employed to develop counts of business access lines in Oregon wire centers. This data, along with the collocation data provided by Ms. Torrence, is used to determine which wire centers are to be classified as "non-impaired" under terms of the FCC's *TRRO*. In addition, my testimony demonstrates that Qwest's method for counting business access lines in the Oregon wire centers is in full compliance with the "business line" definitions outlined in the *TRRO* and the FCC's rules.

III. FCC BUSINESS LINE DEFINITIONS

Q. IN ITS *TRRO,* DID THE FCC PROVIDE A DEFINITION OF "BUSINESS LINES" FOR PURPOSES OF DETERMINING WHETHER A PARTICULAR WIRE CENTER MEETS THE THRESHOLD TEST FOR NON-IMPAIRMENT?

A. Yes. At paragraph 105 of its *TRRO*, the FCC defined "business lines" as follows:

> The BOC wire center data that we analyze in this Order is based on ARMIS 43-08 business lines, plus business UNE-P, plus UNE-loops.

Further, the FCC's rules regarding implementation of *TRRO* requirements (47 CFR § 51.5) define "business line" as follows:

> A business line is an incumbent LEC-owned switched access line used to serve a business customer, whether by the incumbent LEC itself or by a competitive LEC that leases the line from the incumbent LEC. The number of business lines in a wire center shall equal the sum of all incumbent LEC business switched access lines, plus the sum of all UNE loops connected to that wire center, including UNE loops provisioned in combination with other unbundled elements. Among these requirements, business line tallies:
>
> > (1) Shall include only those access lines connecting end-user customers with incumbent LEC end-offices for switched services.
> >
> > (2) Shall not include non-switched special access lines.
> >
> > (3) Shall account for ISDN and other digital access lines by counting each 64KBPS-equivalent as one line. For example, a DS1 line corresponds to 24 64 kbps-equivalents, and therefore to 24 "business lines."

Q. DO THE FCC'S RULES MEAN THAT ALL LINES IDENTIFIED AS SERVING BUSINESS CUSTOMERS ARE TO BE INCLUDED IN THE COUNT OF BUSINESS LINES FOR EACH WIRE CENTER?

A. Yes. The FCC's directives are very clear: all lines owned by an ILEC that are used to serve business customers,[3] whether they are provided on a retail or wholesale basis, should be included in the business line count for each wire center.

Q. HAS THE FCC DETERMINED THAT ALL UNE LOOPS SHOULD BE INCLUDED IN THE BUSINESS LINE COUNTS?

A. Yes. The FCC's business line definition recognizes that UNE loops are generic wholesale services and that an ILEC has no means of determining whether a CLEC is utilizing a UNE loop to serve a residential or a business customer. Thus, the

[3] The FCC's definition in 47 CFR § 51.5 excludes any business lines that are served by loop facilities not owned by the ILEC, such as lines served via CLEC-owned fiber facilities, lines served via coaxial cable facilities owned by cable MSOs, wireless services used in lieu of Qwest's business lines, etc.

FCC's rules (47 CFR § 51.5) clearly state that the sum of all UNE loops should be included in an ILEC's count of business lines.

Q. DOES THE FCC'S BUSINESS LINE DEFINITION MANDATE THAT MULTI-CHANNEL CIRCUITS, SUCH AS DS1 CIRCUITS, SHOULD BE COUNTED IN TERMS OF THE 64-KBPS CHANNEL CAPACITY OF EACH SUCH CIRCUIT?

A. Yes. Subsection (3) of the "business line" definition of 47 CFR § 51.5 clearly states that each 64 kilobit channel[4] within a high-capacity digital line, such as a DS1, should be counted as a separate business line. For example, since a DS1 line has a capacity of 1,544 kilobits per second, it would be counted as containing 24 separate business lines.[5]

Q. IN THE *TRRO*, DID THE FCC INDICATE A PREFERENCE FOR SIMPLICITY IN THE METHODOLOGY USED TO COUNT BUSINESS ACCESS LINES?

A. Yes. The FCC stated that "business line counts are an objective set of data that incumbent LECs have already created for other regulatory purposes," and that "by basing our definition in an ARMIS filing required of incumbent LECs, and adding UNE figures, which must also be reported, we can be confident in the accuracy of the thresholds, *and a simplified ability to obtain the necessary information."* *TRRO*, ¶ 105. (Emphasis added.) Clearly, the FCC's intent is that incumbent LECs should utilize data "already created for other regulatory purposes," and should follow the FCC's simple and unambiguous definition to count business lines in

[4] A 64 kilobit per second channel is also known as a Voice-Grade Equivalent ("VGE") channel. Qwest reports access lines in its annual FCC ARMIS data in terms of VGEs in service.

[5] As noted above, 47 CFR § 51.5 specifically states that "a DS1 line corresponds to 24 64 kbps-equivalents, and therefore to 24 'business lines.'"

determining which wire centers meet the non-impairment thresholds established in the *TRRO*.

Q. HAVE OTHER STATE COMMISSIONS EXAMINED THE BUSINESS ACCESS LINE DATA FILED BY RBOCs IN "UNIMPAIRMENT" DOCKETS THAT ARE SIMILAR TO THIS PROCEEDING?

A. Yes. Several dockets have been completed in other state jurisdictions to determine whether RBOCs have properly calculated business access line counts, based on the FCC's guidelines, in order to determine which wire centers meet the *TRRO*'s criteria for non-impairment. Later in my testimony I will demonstrate that the findings of most state commissions are consistent with the methodology that Qwest has used to count business access lines in Oregon.

IV. NON-IMPAIRED WIRE CENTERS IN OREGON

Q. PLEASE BRIEFLY REVIEW THE FCC'S NON-IMPAIRMENT STANDARDS FOR DS1 AND DS3 UNBUNDLED LOOPS.

A. As Ms. Albersheim describes in her testimony, the FCC determined that CLECs are not competitively impaired without access to DS1 unbundled loops in wire centers with more than 60,000 business lines (and four or more fiber-based collocators), and are not competitively impaired without access to DS3 unbundled loops in wire centers with more than 38,000 business lines (and four or more fiber-based collocators).

Q. PLEASE BRIEFLY REVIEW THE FCC'S NON-IMPAIRMENT STANDARDS FOR DS1 AND DS3 UNBUNDLED INTEROFFICE TRANSPORT.

A. As Ms. Albersheim describes, the FCC determined that CLECs are not competitively impaired without DS1 interoffice transport for routes connecting wire centers with at least 38,000 business lines or at least four fiber-based collocators ("Tier 1" wire centers).[6] The FCC also determined that CLECs are not impaired without DS3 interoffice transport for routes connecting wire centers with at least 24,000 business lines or at least three fiber-based collocators ("Tier 2" wire centers).

Q. BASED ON BUSINESS LINE AND FIBER COLLOCATION DATA AS OF DECEMBER 2003, WHICH QWEST WIRE CENTERS IN OREGON ARE CLASSIFIED AS NON-IMPAIRED FOR DS1 AND DS3 UNBUNDLED LOOPS?

A. Based on Qwest's analysis of both business line counts and fiber collocation data, the only wire center in Oregon meeting the non-impairment standard for DS1 and DS3 unbundled loops is the Portland Capitol wire center.

Q. BASED ON THE BUSINESS LINE AND FIBER COLLOCATION DATA AS OF DECEMBER 2003, WHICH OREGON WIRE CENTERS ARE CLASSIFIED AS "TIER 1" AND "TIER 2" FOR TRANSPORT?

A. Based on Qwest's analysis, five Oregon wire centers meet the FCC's transport threshold for "Tier 1" non-impairment status. These wire centers are: Eugene 10th Avenue, Medford, Portland-Belmont, Portland-Capitol and Salem-State (Main).

[6] Please see the direct testimony of Qwest witness Ms. Albersheim for a description of the FCC's "tier" structure for "non-impairment" designation of wire centers.

Two Oregon wire centers—Bend and Portland-Alpine—meet the FCC's transport threshold for "Tier 2" non-impairment status.

Q. HAVE YOU PREPARED AN EXHIBIT THAT IDENTIFIES THE BUSINESS LINE COUNTS CALCULATED PER THE FCC'S *TRRO* METHODOLOGY?

A. Yes. Highly-Confidential Exhibit Qwest/6 provides the business access line counts for each of the wire centers identified above, calculated in accordance with the FCC's *TRRO* definitions. In addition, Qwest is providing this information in response to the Commission's March 24, 2006 bench requests in this docket.

V. QWEST'S BUSINESS LINE COUNT METHODOLOGY

Q. WHAT TYPES OF BUSINESS LINES HAS QWEST INCLUDED IN ITS ANALYSIS OF OREGON WIRE CENTERS?

A. In conformance with the FCC's directives, the Qwest analysis includes: (1) Qwest retail business lines, (2) all UNE loops and (3) business UNE-P lines.

A. Qwest Retail Business Lines

Q. IN DEVELOPING WIRE CENTER-SPECIFIC COUNTS OF QWEST RETAIL SWITCHED BUSINESS LINES IN SERVICE, HAS QWEST FOLLOWED THE FCC'S DIRECTIVE TO UTILIZE ARMIS REPORT 43-08 DATA?

A. Yes. Qwest utilized the data in Table 3 of its FCC ARMIS 43-08 report for the December 2003 timeframe as the basis for its business line count, since this was the most current data available when Qwest conducted its analysis.[7] Consistent with the ARMIS business access line definitions, the Qwest analysis includes all Qwest retail switched business lines in the Oregon wire centers as reported in ARMIS, including "single line business switched access lines" from column C, "multiline business switched access lines" from column D, and "payphone lines" from column E.

Q. IN ORDER TO SATISFY THE FCC'S DIRECTIVES, IS IT NECESSARY TO ADJUST THE ARMIS 43-08 DATA FOR HIGH-CAPACITY BUSINESS LINES?

A. Yes. As I discussed in the previous section of my testimony, the FCC mandated in its *TRRO* that all 64 kilobit per second channels in a high-capacity digital line should be included in the business line counts when determining which wire centers satisfy the FCC's non-impairment threshold test. Therefore, Qwest multiplied all actual high-capacity digital business lines shown in its December 2003 ARMIS report by the appropriate Voice-Grade Equivalent factor to comply with the FCC's rules. For example, since each DS1 circuit has a capacity of 24 VGE channels, Qwest multiplied each digital PBX business trunk that utilizes a DS1 circuit by 24 for inclusion in the Oregon business line count for each wire center.

[7] Qwest filed December 2003 ARMIS data with the FCC in April 2004. This same data was available on February 4, 2005, when the FCC directed Qwest and the other RBOCs to submit the list of wire centers that met the FCC's non-impairment criteria. Qwest did not file 2004 ARMIS data until April 2005, and Qwest filed its 2005 ARMIS data on March 31, 2006. The use of 2003 data is not only appropriate, it is fully consistent with the FCC's intent, as expressed at paragraph 105 of its *TRRO*. According to the FCC, determinations must be based on "an objective set of data that incumbent LECs already have created for other regulatory purposes."

Q. HAVE MANY OTHER STATE COMMISSIONS FOUND THAT THIS METHODOLOGY COMPLIES WITH THE *TRRO* REQUIREMENTS?

A. Yes. Qwest has utilized the same approach that commissions in other states have examined and found to be in compliance with *TRRO* requirements. For example, in its *TRRO* proceeding, the Florida Commission found:

> We also agree with BellSouth that unused capacity on channelized high capacity loops should be counted in the business lines. As noted by BellSouth witness Tipton, the FCC rules specifically state that "the business line tallies…shall account for ISDN and other digital access lines by counting each 64 kbps-equivalent as one line." (47 CFR § 51.5). The FCC rule further explains by way of example that a DS1 line should be counted as 24 business lines because it corresponds to 24 64 kbps-equivalents.[8]

In similar fashion, in its *TRRO* proceeding, the South Carolina Commission found:

> Additionally, the federal rule requires ISDN and other digital access lines, whether BellSouth's lines or CLEC UNE lines, to be counted at their full system capacity; that is, each 64 kbps-equivalent is to be counted as one line. The FCC's rule plainly states that "a DS1 line corresponds to 24 64 kbps-equivalents, and therefore to 24 'business lines'" The FCC has made it clear its "test requires ILECs to count business lines on a voice grade equivalent basis. In other words, a DS1 loop counts as 24 business lines, not one."[9]

The Texas Commission also recently determined that the approach used by Qwest (and AT&T Texas) is appropriate:

> According to AT&T Texas, both ARMIS 43-08 rules and the FCC's business line definition require that digital access lines be calculated

[8] *In re: Petition to Establish Generic Docket to Consider Amendments To Interconnection Agreements Resulting from Changes in Law, by BellSouth Telecommunications, Inc.*, Docket No. 041269-TP, Order No. PSC-06-0172-FOF-TP (issued March 2, 2006) ("*Florida TRO/TRRO Order*"), at p. 37.

[9] *In re: Petition of BellSouth Telecommunications, Inc. to Establish Generic Docket to Consider Amendments to Interconnection Agreements Resulting from Changes of Law,* Docket No. 2004-316C, Order No. 2006-136 (issued March 10, 2006) ("*South Carolina TRRO Order"*), at p. 44. (Footnotes omitted.)

> by counting each 64 kbps-equivalent as one line. For example, a DS1 line corresponds to 24 64 kbps-equivalents, and therefore 24 business lines. According to AT&T Texas, this same approach applies to UNE lines and non-UNE lines.[10]
>
> The Commission finds that the method used by AT&T Texas in determining how PBX trunks, Centrex lines and other digital access lines should be counted and reported complies with the *TRRO* rules and ARMIS 43-08 rules.[11]

B. Unbundled Loops

Q. HAS QWEST INCLUDED ALL UNBUNDLED LOOPS IN ITS BUSINESS LINE WIRE CENTER IMPAIRMENT ANALYSIS?

A. Yes. Qwest included all UNE loops for each wire center in its business line counts, as the FCC directed in paragraph 105 of the *TRRO* and in 47 CFR § 51.5. Consistent with the FCC's "business line" definition, Qwest did not attempt to "remove" UNE loops that may be used to serve residential customers. In fact, the clear language in the *TRRO* and associated rules specifies that there is no basis to distinguish between "business" UNE loops and "residential" UNE loops, and that all UNE loops must be included in the business line count for each wire center In particular, 47 CFR § 51.5 defines what constitutes "business lines" as follows:

> The number of business lines in a wire center shall equal the sum of all incumbent LEC business switched access lines, **plus the sum of all UNE loops connected to that wire center, including UNE loops provisioned in combination with other unbundled elements.** (Emphasis added.)

[10] *Post-Interconnection Dispute Resolution Proceeding Regarding Wire Center UNE Declassification*, PUC Docket No. 31303, Order Approving Methodology to Determine AT&T Texas Wire Centers which are Non-impaired (issued April 7, 2006) ("*Texas TRRO Order*"), at p. 32. (Footnotes omitted.)

[11] *Texas TRRO Order*, at p. 34.

The FCC clearly specifies that "LEC business switched access lines" must be included in an RBOC's line count, but it excludes the "business" qualifier in its mandate regarding the treatment of UNE loops in the count. In other words, the FCC's rules require all UNE loops to be included in an RBOC's business line count, for purposes of assessing whether the FCC's non-impairment criteria have been met.

Q. HAVE COMMISSIONS IN OTHER STATE *TRRO* PROCEEDINGS INTERPRETED THE FCC'S UNE LOOP STANDARD IN THE MANNER YOU HAVE DESCRIBED?

A. Yes. Commissions in numerous other states have examined this issue, and have determined that all UNE loops must be included in the business line counts. For example, the California Commission, in its January 27, 2006 order adopting amendments to SBC California's interconnection agreements, found:

> The CLECs would have us believe that the term UNE loops should be considered those "used to serve a business customer." However, the FCC's rule Section 51.5 mirrors the language in ¶ 105 which states in part: "The BOC wire center data that we analyze in this Order is based on ARMIS 43-08 business lines, plus business UNE-P, plus UNE-loops." Since the FCC uses the phrase "UNE loops" in both the discussion and in its rule, we must assume that that is exactly what the FCC meant. . . . SBC states that the FCC stressed that it wanted a rule that would be easy to administer, using data readily available to ILECs. According to SBC, they do not have the information necessary to determine how a CLEC is using its UNE loops. When SBC provides a UNE loop to a CLEC, the loop is terminated at a collocation arrangement. SBC does not know the service that the CLEC actually provides to the end user over the loop. Similarly, SBC does not possess the information necessary to distinguish between the UNE loops the CLECs are using to provide business service and the UNE loops the CLECs are using to provide residential service to an end user. . . . We agree with SBC that they do not have the information necessary to distinguish UNE loops used by CLECs to serve residential customers versus business customers. Also, the FCC's

> language is clear that all UNE loops are to be included in the count. SBC's proposed language relating to Issue 3 is adopted in Section 0.1.10."[12]

In its *TRRO* proceeding, the Indiana Commission found:

> The FCC's rule, 47 C.F.R. *5* 51.5, defines "business lines" to include all UNE loops connected to a wire center at issue, regardless of the type of customer served. Moreover, when the FCC conducted a sample run of how to compute "business lines" in a wire center in paragraph 105 of the TRRO, it used all UNE loops in the wire center, with no exclusions. One reason for this was that the FCC wanted to establish a simple, objective test that relied on data the ILECs already have and which could be easily verified. SBC Indiana's proposal for computing "business lines" uses the exact same data and categories that the FCC relied on in the TRRO. We will not ignore the FCC's use of all UNE loops in its dry run nor will we redefine "business lines" in a manner that conflicts with the FCC's approach. Finally, we agree with SBC Indiana that the CLECs' proposal to exclude certain UNE loops is inconsistent with the FCC's impairment analysis, which used the same type of data that SBC Indiana proposes to continue to use here. We also note that the Illinois and Ohio commissions both held for SBC on this issue in their *TRO/TRO Remand Order* implementation dockets.[13]

In its *TRRO* proceeding, the Illinois Commission found:

> The FCC's definition of business lines specifically includes "…the sum of all incumbent LEC business switched access lines, plus the *sum of all UNE loops* connected to that wire center, including UNE loops provisioned in combination with other unbundled elements." (47 C.F.R. §51.5) (emphasis added). The phrase "all UNE loops" encompasses residential customers and non-switched services. CLECs' contention that the FCC intentionally limited its count to business lines because transport deployment has been driven largely

[12] *Application of Pacific Bell Telephone Company, d/b/a SBC California for Generic Proceeding to Implement Changes in Federal Unbundling Rules Under Sections 251 and 252 of the Telecommunications Act of 1996.*, Application 05-07-024, Decision 06-01-143 (adopted January 26, 2006), at pp 10-11.

[13] *In the Matter of the Indiana Utility Regulatory Commission's Investigation of Issues Related to the Implementation of the Federal Communication Commission's Triennial Review Remand Order and the Remaining Portions of the Triennial Review Order*, Cause No. 42857, Issue 3 (approved January 11, 2006), at p. 16. (Footnotes omitted.)

> by high bandwidth and the service demands of business making business lines a more accurate predictor of impairment than total lines, is likewise inconsistent with the FCC's definition. CLECs' contention that SBC "seeks" to include "the sum of all UNE loops connected to the wire center" including UNE loops that serve residences is obviously incorrect, since the FCC's definition already includes the quoted language. SBC's position on this issue is fully consistent with the data the FCC relied upon to set the impairment thresholds and this is why we find SBC's proposed language more preferable.[14]

In its *TRRO* proceeding, the Ohio Commission found:

> Moreover, the FCC explicitly required adding the sum of all UNE-loops connected to that wire center knowing that some of those loops would include residential customers. Incumbents are unable to determine if the end user is a business or residential customer since the incumbents terminate the UNE loop to a collocation arraignment and thus do not know the class of customer beyond that point.[15]

In its *TRRO* proceeding, the Florida Public Service Commission found:

> We note that the CFR specifies that "the number of business lines in a wire center shall equal the sum of all incumbent LEC business switched access lines, plus the sum of all UNE loops connected to the wire center, including UNE loops provisioned in combination with other unbundled elements." (47 CFR 51.5) We note that the rule refers to ILEC "business" switched access lines, but does not specify any particular UNE loops; rather, it says "all" UNE loops connected to the wire center, including UNE loops provisioned in combination with other unbundled elements. This is consistent with the language from the text of the TRRO, cited above. We find that this distinction is significant and indicates that ILEC switched business access lines and UNE loops should be treated differently. Accordingly, we disagree with CompSouth witness Gillan's adjustment to UNE-L, which is based upon his assumption that UNE-L should include only those lines

[14] Arbitration Decision, *Petition for Arbitration pursuant to Section 252(b) of the Telecommunications Act of 1996 with Illinois Bell Telephone Company to Amend Existing Interconnection Agreements to Incorporate the Triennial Review Order and the Triennial Review Remand Order*, ICC Docket No. 05- 0442 (Nov. 2, 2005) ("*Illinois TRO/TRRO Order*"), at p. 30.

[15] Arbitration Award, *In re Establishment of Terms and Conditions of an Interconnection Agreement Amendment*, PUCO Case No. 05-887-TP-UNC (Nov. 9, 2005) ("*Ohio TRO/TRRO Order*"), at p. 30.

used to provision business service, rather than being counted at full capacity as done by BellSouth.[16]

In its *TRRO* proceeding, the Georgia Commission found:

> For the counting of business lines, the FCC rule appears to contemplate the inclusion of all UNE loops, and not just those that are business UNE loops. It is not necessary to read the first sentence out of the definition in order to reach this conclusion. The first sentence includes in the definition of "business line" that it serve a "business customer." However, the next sentence of the line instructs on the manner in which such lines shall be calculated. In setting forth what shall be included in the calculation, the rule modifies the sum of all incumbent LEC switched access lines with the word "business." There is no confusion that this part of the addition is limited to business lines. Yet, in the same sentence, when discussing the sum of all UNE loops connected to that wire center, the rule does not similarly use the modifier "business." If, because of the prior sentence, it would have been duplicative to state that these were business UNE loops, as CompSouth suggests, then the switched access lines need not have been identified as business in the first part of the sentence. That the switched access lines were expressly limited to business lines, and the UNE loops were not so limited, indicates that the limitation does not apply to the UNE loops. In the discussion of business line counts in the *TRRO*, the FCC again refers to "business UNE-P, plus UNE-loops." (¶ 105) This conclusion is consistent with the policy goals expressed by the FCC. That the FCC states it intended to measure business "opportunities" in a wire center provides support for why its method to calculate business lines would potentially include non-business lines.[17]

In its *TRRO* proceeding, the South Carolina Commission found:

> . . . Moreover, the text of the FCC's definition of "business line" calls for the inclusion of "all UNE loops," and BellSouth included all UNE loops in its count (i.e., those loops offered as stand-alone loops or in combination with dedicated interoffice transport). The CLECs apparently take issue with this, arguing that in doing so, BellSouth has

[16] *Florida TRO/TRRO Order*, at p. 37.

[17] *Generic Proceeding to Examine Issues Related to BellSouth Telecommunications, Inc's. Obligations to Provide Unbundled Network Elements*, Ga. PSC, Docket No. 19341-U (February 7, 2006) ("*Georgia TRRO Order*"), at pp. 19-20.

> wrongly included some loops that serve residential customers in its count of business loops. The Commission finds that BellSouth's count is appropriate.[18]

Finally, in its recent *TRRO* docket, the Texas Commission found:

> Further, the Commission is not persuaded by the Joint CLEC's assertion that a further examination regarding the type of customer being served by UNE loops is required, since that requirement would go beyond the FCC's directive in ¶ 105 of the *TRRO*. The Commission notes that the FCC indicated that when counting business lines the ILEC should include ARMIS 43-08 business lines (i.e., business line service for ILEC customers), plus UNE-P business lines (i.e., business lines service by CLEC customers using UNE-P), plus UNE loops. The Commission is persuaded that if the FCC intended that only UNE loops serving business customers should be counted, it would have stated this in ¶ 105 of the *TRRO*.[19]

The findings from other states mandate the inclusion of all UNE loops in the count of business lines, which is in alignment with the methods Qwest used to count business access lines in Oregon. Clearly, Qwest's reading of the *TRRO*'s requirement to include all UNE loops in its wire center line count is compliant with paragraph 105 of the *TRRO* and the FCC's rules in 47 CFR § 51.5, and is consistent with the business line count methods employed by other RBOCs as approved by numerous commissions.

Q. IN FOLLOWING THE FCC'S DIRECTIVES, DID QWEST INCLUDE ALL 64 KILOBIT VOICE-GRADE EQUIVALENT ("VGE") CHANNELS ASSOCIATED WITH DIGITAL UNBUNDLED LOOPS?

A. Yes. For example, Qwest multiplied all DS1 unbundled loops in Qwest's December 2003 wholesale database—the same vintage of data upon which Qwest's retail business line count for its ARMIS 43-08 report was based—by a VGE factor

[18] *South Carolina TRRO Order*, at p. 42.

[19] *Texas TRRO Order*, at p. 30.

of 24, consistent with the FCC's guideline (47 CFR § 51.5) that all 64 kbps channels of capacity in a digital circuit should be counted as separate business lines.

Q. IS THIS TREATMENT OF DS1 LOOP COUNTS CONSISTENT WITH THE FINDINGS OF OTHER COMMISSIONS IN *TRRO*-RELATED PROCEEDINGS?

A. Yes. As noted earlier, many commissions determined that the FCC's rules require retail high capacity digital lines, such as ISDN-PRI, to be counted in terms of 64 kbps channels, or VGEs. In similar fashion, these commissions also determined that, consistent with the FCC's rules, *DS1 unbundled loops* provided to CLECs should be counted as 24 VGE lines. For example, as noted earlier, the Florida Commission found:

> We also agree with BellSouth that unused capacity on channelized high capacity loops should be counted in the business lines. As noted by BellSouth witness Tipton, the FCC rules specifically state that "the business line tallies…shall account for ISDN and other digital access lines by counting each 64 kbps-equivalent as one line." (47 CFR § 51.5). The FCC rule further explains by way of example that *a DS1 line should be counted as 24 business lines* because it corresponds to 24 64 kbps-equivalents.[20]

As noted earlier, the South Carolina Commission found:

> Additionally, the federal rule requires ISDN and other digital access lines, whether BellSouth's lines *or CLEC UNE lines*, to be counted at their full system capacity; that is, each 64 kbps-equivalent is to be counted as one line. The FCC's rule plainly states that "a DS1 line corresponds to 24 64 kbps-equivalents, and therefore to 24 'business lines'" The FCC has made it clear its "test requires ILECs to count business lines on a voice grade equivalent basis. In other words, a DS1 loop counts as 24 business lines, not one."[21]

[20] *Florida TRO/TRRO Order*, at p. 37. (Emphasis added.)

[21] *South Carolina TRRO Order*, at p. 44. (Footnotes omitted, emphasis added.)

In addition, the Texas Commission found:

> According to AT&T Texas, both ARMIS 43-08 rules and the FCC's business line definition require that digital access lines be calculated by counting each 64 kbps-equivalent as one line. For example, a DS1 line corresponds to 24 64 kbps-equivalents, and therefore 24 business lines. According to AT&T Texas, this *same approach applies to UNE lines and non-UNE lines*.[22]
>
> The Commission finds that AT&T Texas' counting and reporting of UNE-L capacity complies with the FCC's definition of a business line in 47 C.F.R. §51.5 as well as the FCC's specific instruction on reporting such lines found in ¶105 of the TRRO, described in Issue 1A, *supra*.[23]

Q. IN ADDITION TO STAND-ALONE UNBUNDLED LOOPS, DID QWEST INCLUDE ENHANCED EXTENDED LOOPS ("EELs") IN ITS UNBUNDLED LOOP COUNT?

A. Yes. An EEL essentially consists of an unbundled loop plus interoffice transport, and is utilized by a CLEC to provide service to a customer located in a particular wire center when the CLEC is collocated in a different wire center. Thus, EEL loops are appropriately included in the count of unbundled loops for the wire center in which the unbundled loop terminates.

Q. HAS THERE BEEN UNANIMOUS AGREEMENT AMONG STATE COMMISSIONS REGARDING THE APPROPRIATE DEFINITION OF "BUSINESS LINES" IN NON-IMPAIRMENT PROCEEDINGS?

A. No. One commission, the North Carolina Utilities Commission, issued an order on March 1, 2006 in which it found, in part, that BellSouth should not include UNE

[22] *Texas TRRO Order*, at p. 32. (Emphasis added.)

[23] *Texas TRRO Order*, at p. 33.

loops used by CLECs to serve residential customers, nor the full system capacity of digital access lines in the total number of BellSouth business access lines as defined in 47 CFR § 51.5.[24] However, the North Carolina Commission's treatment of the circuit count associated with business lines is inconsistent with the requirements of the *TRRO* and is plainly contrary to the majority of decisions issued by other state commissions.

Q. HAVE SOME STATE COMMISSIONS DETERMINED THAT ADDITIONAL BUSINESS LINES—OVER AND ABOVE THOSE INCLUDED IN QWEST'S ANALYSIS—SHOULD BE INCLUDED IN THE RBOC'S BUSINESS ACCESS LINE COUNTS?

A. Yes. For example, the Georgia Public Service Commission found that BellSouth's inclusion of High-Speed Digital Service Lines ("HDSL") is consistent with the guidelines of subsection (3) of the "business line" definition of 47 CFR § 51.5 regarding treatment of each 64 kilobit channel within a digital circuit as a separate business line.[25] For example, a 1.5 megabit HDSL line is considered to be equivalent to 24 (64 kbps) VGE channels, as is a DS1 loop. Although BellSouth's counting of HDSL lines as 24 separate business lines makes sense, Qwest conservatively did not include HDSL lines in its *TRRO* business line counts in Oregon.

[24] *In the Matter of Proceeding to Consider Amendments to Interconnection Agreements Between BellSouth Telecommunications, Inc. and Competing Local Providers Due to Changes of Law, Order Concerning Changes of Law*, NC PUC, Docket No. P-55, Sub. 1549 (March 1, 2006), at p. 5.

[25] In its order, the Georgia Commission stated: "The Commission adopts BellSouth's position and determines that HDSL-capable copper loops are the equivalent of DS1 loops for the purpose of evaluating impairment." *Georgia TRRO Order*, at p. 4.

C. UNE-P

Q. DID QWEST INCLUDE BUSINESS UNE-PLATFORM ("UNE-P") LINES IN ITS WIRE CENTER BUSINESS LINE COUNTS AS REQUIRED BY THE *TRRO*?

A. Yes. As paragraph 105 of the *TRRO* requires, Qwest includes business UNE-P lines in its wire center line counts, utilizing the same December 2003 data vintage that it used for its ARMIS retail business line and UNE loop data.

Q. IN DECEMBER 2003, DID QWEST'S TRACKING SYSTEMS SEPARATELY IDENTIFY RESIDENTIAL AND BUSINESS UNE-P LINES?

A. No. UNE-P pricing, like pricing for stand-alone UNE loops, was not sensitive to any particular class of service, and there was no business reason to separately track residential or business UNE-P lines. Thus, Qwest's wholesale tracking systems recognized UNE-P strictly as a generic wholesale service.

Q. SINCE QWEST'S WHOLESALE UNE-P TRACKING SYSTEMS WERE UNABLE TO DISTINGUISH BETWEEN RESIDENTIAL AND BUSINESS UNE-P, HOW DID QWEST DETERMINE THE NUMBER OF "BUSINESS UNE-P" LINES IN EACH WIRE CENTER?

A. Each UNE-P line has a specific telephone number associated with it, and thus Qwest can calculate a reasonable estimate of residential and business UNE-P lines utilizing the white pages directory listings database. Since virtually all residential telephone lines are listed in Qwest's white pages directory listings database,[26] the number of residence UNE-P listings provides a reliable estimate of the number of

[26] The white pages directory listings database includes all types of listings (e.g., listed, non-listed and non-published) associated with a telephone number for a physical access line.

residence UNE-P lines. An estimate of the business UNE-P lines can be developed by subtracting the residence UNE-P lines from the total UNE-P lines.

Q. WHY ARE BUSINESS UNE-P LINES NOT DIRECTLY ESTIMATED BASED ON THE NUMBER OF BUSINESS UNE-P LISTINGS?

A. In the residential access line category, the vast majority of physical telephone lines have single assigned telephone numbers, and residential customers proactively indicate when service is established whether they want their telephone number to be treated as fully listed (in which case the telephone number would be published in the residential section of the printed telephone directory), non-listed (in which case the telephone number would not be published in the printed directory, but would be available through directory assistance), or non-published (in which case the telephone number would not be published in the printed directory or be available in directory assistance).

However, not all business lines have an associated listing. In many instances, multi-line businesses choose to publish only the main telephone number in the white pages, and choose not to have any of their remaining lines retained in the white pages database. For example, an insurance agency may have multiple agents with direct telephone numbers, but decide to list only one telephone number for the agency in the white pages directory. In other instances, a single PBX trunk might have multiple telephone numbers assigned to it, but only one telephone number listed in the directory. Large Centrex systems also commonly have a large number of access lines but few telephone numbers that are retained in the white pages database.

Accordingly, in view of the high degree of complexity in associating business telephone numbers with physical access lines, a much more reliable estimate of UNE-P business lines in service can be achieved by simply subtracting residential UNE-P telephone number listings (which are associated very closely with the number of actual residential lines in service) from total UNE-P lines in service.

Q. HAS QWEST PREVIOUSLY USED THE WHITE PAGES DIRECTORY LISTINGS DATABASE TO DISTINGUISH BETWEEN RESIDENTIAL AND BUSINESS UNE-P LINES?

A. Yes. In the Section 271 proceedings at both the state and federal levels, Qwest was required to identify the number of CLEC residential lines in service in Oregon. As part of this process, Qwest utilized the white pages directory listings database to determine the number of UNE-P telephone numbers that were retained in the residential section of the database as a proxy for the number of residential UNE-P lines in service at that time. Further, Qwest recently utilized the same method to identify UNE-P business lines as of May 2005 in its switched business services deregulation proceeding in Oregon (docket UX 29).

Q. HOW HAVE OTHER RBOCs ADDRESSED THE ISSUE OF DISTINGUISHING BETWEEN RESIDENTIAL AND BUSINESS UNE-P LINES?

A. Other RBOCs have developed wholesale service tracking systems that identify the specific types of service associated with a UNE-P line, and these carriers therefore have been able to easily distinguish between residential and business UNE-P lines. As noted above, Qwest's wholesale service tracking systems were not designed with this capability.

Q. DID QWEST INCLUDE LINE COUNTS FOR HIGH-CAPACITY UNE-P CIRCUITS ON A VOICE-GRADE EQUIVALENT BASIS?

A. Yes. For high capacity UNE-P circuits, Qwest used the same VGE-based approach that was used for high-capacity retail and UNE loop circuits, which I described earlier in my testimony. For example, services such as "UNE-P DSS"[27] and "UNE-P ISDN PRI"[28] are served via a DS1 loop. Thus, Qwest multiplied the quantity of these UNE-P circuits by a "VGE-equivalence" factor of 24 to reflect the number of 64 kilobit channels associated with these UNE-P DS1 lines.

VI. CONCLUSION

Q. WHAT ACTION SHOULD THE COMMISSION TAKE IN THIS PROCEEDING?

A. The Commission should find that the business line data I have presented in Highly Confidential Exhibit Qwest/6, along with the fiber collocation data presented by Ms. Torrence, supports the following non-impairment determinations:

- The Portland-Capitol wire center meets the non-impairment standard for DS1 and DS3 unbundled loops,
- Five Oregon wire centers—Eugene 10th Avenue, Medford, Portland Belmont, Portland Capitol and Salem State (Main)—meet the FCC's transport threshold for "Tier 1" non-impairment status, and
- Two Oregon wire centers—Bend and Portland Alpine—meet the FCC's transport threshold for "Tier 2" non-impairment status.

[27] UNE-P DSS is UNE-P service provided in a "Digital Switched Service" digital PBX trunk configuration and includes a DS1 loop.

[28] UNE-P ISDN-PRI is UNE-P service provided in an "ISDN-Primary Rate" configuration and includes a DS1 loop.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1251

In the Matter of COVAD COMMUNICATIONS COMPANY, ESCHELON TELECOM OF OREGON, INC., MCLEODUSA TELECOMMUNICATIONS SERVICES INC., and XO COMMUNICATIONS SERVICES, INC. Request for Commission Approval of Non-impairment Wire Center List	)))))))))))

DIRECT TESTIMONY

OF

RACHEL TORRENCE

ON BEHALF OF

QWEST CORPORATION

April 21, 2006

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EXECUTIVE SUMMARY

The FCC's Triennial Review Remand Order ("*TRRO*") established new rules applicable to Incumbent Local Exchange Carriers ("ILECs") regarding their unbundling obligations for high-capacity loops and dedicated interoffice transport,[1] and laid down a clear methodology by which an ILEC could identify wire centers where Competitive Local Exchange Carriers ("CLEC") would not be impaired without the availability of these unbundled network elements ("UNEs"). Qwest filed a list of its non-impaired wire centers in Oregon. Qwest is requesting this Commission to acknowledge the validity and accuracy of its list of non-paired Oregon wire centers as the list is accurate and in compliance with the requirements set forth in *TRRO*. The wire centers on the list were identified using appropriate methodologies and process. This testimony details the efforts that Qwest has undertaken in identifying fiber-based collocators within Oregon wire centers, one of two determinative factors in satisfying the identification of non-impaired wire centers.

[1] Unbundling obligations for mass market local circuit switching were also addressed, but are not included in this proceeding.

I. IDENTIFICATION OF WITNESS

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

A. My name is Rachel Torrence. My business address is 700 W. Mineral Ave., Littleton Colorado. I am employed as a Director within the Network Policy Group of Qwest Services Corporation, parent company of Qwest Corporation. I am testifying on behalf of Qwest Corporation ("Qwest").

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE, TECHNICAL TRAINING, AND PRESENT RESPONSIBILITIES.

A. I have been employed in the telecommunications industry for more than 32 years. I began my career in 1973 and have worked my entire career for Qwest and its predecessors, The Mountain States Telephone and Telegraph Company ("Mountain Bell"), and U S WEST Communications, Inc. For the major part of my career, I have been employed in Network operations in these companies; within Qwest that organization is known as the Local Network Organization. As an employee of the Local Network Organization, I have held engineering positions in the Long Range Planning, Capacity Provisioning and Tactical Planning organizations and have had responsibility for projects that focuses on ensuring network efficiency and maintaining adequate levels of network capacity. My years in the Local Network Organization have provided me with an extensive telecommunications background and much in-depth experience with virtually all aspects of the public switched telephone network ("PSTN").

In 1997, I accepted a position within the Technical, Regulatory and Interconnection Planning Group. My responsibilities as a member of an Interconnection Negotiations Team included maintaining the network integrity of the PSTN and ensuring the technical feasibility of various interconnection arrangements between Qwest and wireline and wireless co-providers, with an emphasis on emerging technologies.

In 2001, I accepted my current position as a Director within the Technical and Regulatory Group, now known as Network Policy, where I am responsible for ensuring compliance with the 1996 Telecommunications Act, other federal regulations and state regulations. My responsibilities include, but are not limited to, providing litigation support in proceedings before the Federal Communications Commission ("FCC") and state commissions on issues relating to the network elements and architectures used in both wireline and wireless networks. In addition, I represent Qwest on the Network Reliability and Interoperability Council (NRIC), a body created by the FCC, and on committees addressing the reliability and interoperability of wireline networks, wireless networks and emerging cyber-networks. I currently serve on an NRIC committee addressing commercial communications applications for Public Safety as part of federal Homeland Security.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I attended the University of Arizona, Chapman University and Pima Community College where I studied Electronic Engineering, Management Theory, and Behavioral Science. In addition, I have more than 3200 hours of continuing education in the

telecommunications field and I hold various telecommunications certifications in both wireline and wireless disciplines.

II. PURPOSE OF DIRECT TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. Responding to the remand and vacatur by the D.C. Circuit ("*USTA II"*) of certain portions of the FCC's *Triennial Review Order* ("*TRO*"),[2] on February 4, 2005, the FCC released its Order on Remand ("*TRRO*") in the Triennial Review of the unbundled network elements ("UNEs") to which incumbent LECs are required to provide access to competitors at "cost-based" (*i.e.*, Total Element Long Run Incremental Cost, or "TELRIC") rates. In particular, the *TRRO* established new rules applicable to Incumbent Local Exchange Carrier ("ILEC") unbundling obligations regarding high-capacity loops and dedicated inter-office transport. The *TRRO* was effective March 11, 2005. Based on the rule changes brought about by the *TRRO*, Qwest submitted a filing to the FCC on February 18, 2005, and a modification of that list on July 8, 2005, that identified the wire centers in Oregon and other states in which Qwest no longer has an obligation to provide high-capacity loops and dedicated inter-office transport as UNEs. Qwest is requesting that this Commission acknowledge the validity and accuracy of its list of non-paired Oregon wire centers.

In compiling a list of its wire centers no longer subject to unbundling obligations, Qwest relied on the two determinative factors that the FCC established in the *TRRO* for

[2] See *United States Telecom Ass'n v. FCC*, 359 F.3d 554 (D.C. Cir. 2004), *vacating and remanding in part, affirming in part*, *Review of the Section 251 Unbundling Obligations of Incumbent LECs*, 18 FCC Rcd. 16978 (2003).

evaluating impairment in wire centers: (1) the number of business lines in a wire center, and (2) the number of fiber-based collocators in a wire center.

As such, the purpose of my direct testimony is two-fold. First, as evidence of the validity and accuracy of the list, I describe the process that Qwest undertook when identifying fiber-based collocators within its Oregon wire centers. I explain how Qwest took the FCC's very specific criteria for defining a fiber-based collocator and applied those exact criteria in assessing the number of fiber-based collocators within its Oregon wire centers. Second, my testimony presents the list of fiber-based collocators within Qwest's Oregon wire centers.

III. THE TRIENNIAL REVIEW REMAND ORDER SPECIFICALLY DEFINED WHAT CONSTITUTES A FIBER-BASED COLLOCATOR

Q. PLEASE EXLAIN IN GREATER DETAIL THE FRAMEWORK UNDER WHICH CLECs ARE NO LONGER DEEMED IMPAIRED, AND HOW THE NUMBER OF FIBER-BASED COLLOCATORS IS A CRITICAL FACTOR IN MAKING A DETERMINATION OF NON-IMPAIRMENT.

A. In her direct testimony, Ms. Renee Albersheim of Qwest gives a broad general summary of both the Triennial Review Order (*"TRO")* and the *TRRO*. In addition, the following summary gives a clear and concise view of how the number of fiber-based collocators is a critical element of the non-impairments tests as set forth in the *TRRO*.

DS1 Transport

- DS1 Transport Unbundling Test. Unbundling of DS1 inter-office transport is required on all routes except those connecting two wire centers with ***four or more fiber-based collocations,*** *or* 38,000 or more business lines *(*i.e., "Tier 1" wire centers).[3]

DS3 / Dark Fiber Transport

- DS3 / Dark Fiber Transport Unbundling Test. Unbundling of DS3 and dark fiber inter-office transport is required on all routes except those connecting wire centers where both of the wire centers contain ***three or more fiber-based collocations, or*** 24,000 or more business lines (i.e., "Tier 1" or "Tier 2" wire centers).

DS1 Loops

- Available as UNEs except in wire centers with 60,000 or more business lines and ***four or more fiber-based collocations***.

[3] While defined in more detail in Ms. Albersheim's testimony, depending on the level of competitive presence in a given wire-center, a wire center will be ranked in one of three tiers. "Tier 1" wire centers serve a minimum of 38,000 business lines or contain a minimum of four fiber-based collocators in the wire center. "Tier 2" wire centers serve 24,000 business lines or contain a minimum of three fiber based collocators in the wire center. Wire centers not meeting Tier 1 or 2 parameters are ranked as "Tier 3" wire centers.

DS3 Loops

- Available as UNEs except in wire centers with at least 38,000 business lines and ***four or more fiber-based collocators***.

Simply put, the number of fiber-based collocators and the number of business lines are the two determining factors in the FCC's tests for wire center impairment. Exhibit Qwest/4, attached to Ms. Albersheim's direct testimony, is a simplified graphic illustration of the impairment tests.

Q. HOW DID THE *TRRO* DEFINE A "FIBER-BASED COLLOCATOR" FOR PURPOSES OF DETERMINING NON-IMPAIRMENT?

A. The *TRRO* was quite specific in defining what constituted a "fiber-based collocator." It defined a fiber-based collocator as any carrier, unaffiliated with the incumbent LEC, that maintains a collocation arrangement in an incumbent LEC wire center, with active electrical power supply, and that operates a fiber-optic cable or comparable transmission facility that (1) terminates at a collocation arrangement within the wire center; (2) leaves the incumbent LEC wire center premises; and (3) is owned by a party other than the incumbent LEC or any affiliate of the incumbent LEC. (*TRRO*, ¶ 102.) Dark fiber obtained from an incumbent LEC on an indefeasible right of use ("IRU") basis is treated as non-incumbent LEC fiber-optic cable. (*TRRO*, ¶ 102, fn. 292.) Two or more affiliated fiber-based collocators in a single wire center are collectively counted as a single fiber-based collocator. (*TRRO*, ¶ 102; see also 47 CFR § 51.5 ("Rule 51.5").) Fixed-wireless collocation arrangements are included "if the carrier's alternative transmission facilities both terminate in and leave the wire center." (*TRRO*, ¶ 102.) Finally, a competitor's

collocation arrangement counts toward the qualification of a wire center for a particular tier irrespective of the services that the competing carrier offers. (*Id.*)

Q. YOU TESTIFIED THAT THE OTHER ELEMENT CRITICAL TO THE IMPAIRMENT TEST IS THE NUMBER OF BUSINESS LINES. HOW DID THE *TRRO* DEFINE "BUSINESS LINES" FOR PURPOSES OF DETERMINING NON-IMPAIRMENT?

A. In his direct testimony, Mr. Robert Brigham of Qwest discusses how business lines were defined within the *TRRO*. Furthermore, his testimony details how Qwest compiled the data it presented to the FCC when identifying which of its wire centers would no longer be subject to unbundling requirements when provisioning dedicated inter-office transport and high-capacity loops.

IV. QWEST'S PROCESS FOR IDENTIFYING FIBER-BASED COLLOCATORS WAS BASED ON A LITERAL READING OF THE PARAMETERS SET FORTH IN THE *TRRO*

Q. HOW DID QWEST IDENTIFY THE NUMBER OF FIBER-BASED COLLOCATORS WITHIN ITS OREGON WIRE CENTERS?

A. Qwest took the criteria set forth in the *TRRO* for determining a fiber-based collocator, and adopted the *TRRO*'s definition for fiber-based collocators verbatim. (*TRRO*, ¶ 102.) As such, the criteria that Qwest used in identifying fiber-based collocators within its wire centers were:

a. having a collocation
b. the collocation is being served by an active power supply.
c. the collocation operating a fiber-optic cable or comparable transmission facility that:
   (1) terminates at a collocation arrangement within the wire center;
   (2) leaves the incumbent LEC's wire center premises; and
   (3) is owned by a party other than the incumbent LEC or any affiliate of the incumbent LEC.
d. in instances where two or more affiliated fiber-based collocators, or a single collocator, had multiple collocations in a single wire center, they were collectively counted as a single-fiber-based collocator.

Exhibit Qwest/8 is a graphic depiction of typical collocation architectures depicting each of the elements identified above.

Q. THE *TRRO* ALSO SET CRITERIA REGARDING DARK FIBER USERS AND FIXED WIRELESS PROVIDERS AS FIBER-BASED COLLOCATORS. WHY ARE THEY NOT ADDRESSED IN QWEST'S CRITERIA AS OUTLINED ABOVE?

A. When Qwest undertook its efforts to identify fiber-based collocators as defined by the *TRRO,* Qwest decided not to include fixed wireless providers and dark fiber users in counts of fiber collocators. Qwest took a very conservative approach for the sake of increased accuracy, and thus focused its attention on the majority of qualifying collocators, which were fiber-based collocators. Qualifying fixed wireless and dark fiber users operating with an IRU constitute a very small percentage of the total numbers of collocators, and thus identifying and verifying these types of collocators would have required an extensive research effort. Given the short timeframe within which Qwest had to accomplish its task, it seemed a more prudent approach to concentrate on compiling an accurate list of the types of, fiber-based collocators that constitute the vast majority of fiber-based collocators within Qwest's Oregon wire centers.

Q. DESCRIBE THE PROCESS THAT QWEST UNDERTOOK IN IDENTIFYING THE NUMBER OF FIBER-BASED COLLOCATORS IN OREGON.

A. Qwest undertook two distinct efforts in identifying the number of fiber-based collocators within in its wire centers not only in Oregon, but in all other states within its serving territory. Qwest's initial effort used its collocation tracking records and billing data as a baseline which coincided with the December 2003 ARMIS data, as Mr. Brigham describes. The second effort, which was a comprehensive validation of the data compiled during the initial effort, incorporated CLEC responses to Qwest's requests for confirmation of data and actual field verifications of wire centers.

Q. PLEASE DETAIL THE INTIAL EFFORT WHICH RESULTED IN THE FIRST FILING WITH THE FCC.

A. For the initial effort, Qwest used an internal database that tracks all CLEC-submitted and approved collocation requests in order to develop a list of fiber collocations. This list was then edited to extract all collocations that did not have a record indicator for fiber entrance facilities (as this would be an indicator that the fiber was not provided by Qwest or one of its affiliates). After edits were completed, the resulting list was sent to Qwest's Collocation Project Management Center for verification that there was active power in those collocations. That center verified the presence of active power through records indicating billing for power usage. Next, Qwest's Wholesale Markets team validated the list against February 2005 billing data, providing confirmation that the carrier was indeed being billed for collocation.

The resulting list was further verified by Qwest Central Office Technicians and State Interconnection Managers. As I have previously stated, because of the relatively short timeframe before a final determination of the number collocators was to be filed with the FCC, Qwest chose to take a conservative and comprehensive approach that would yield a smaller but more accurate result. When network field personnel were unable to confirm a particular collocation, based on their records or personal knowledge of their particular wire centers, Qwest did not include that collocation in its initial February 2005 list. (Given the limited time Qwest had between receipt of the FCC's request for the wire center list and the date that list was to be submitted to the FCC, questionable collocations could not be verified, and as such were not included.)

Finally, Qwest analyzed the resulting list to ensure that multiple collocations at a single wire center by the same or affiliated carriers, or multiple collocations by a single carrier, were counted as only one fiber-based collocator. The number of fiber-based collocators in any given wire center was counted as of the date of the *TRRO*'s release, February 2005. The resulting list was filed with the FCC on February 18, 2005.

As further verification of the accuracy of its initial list, on March 29, 2005, Qwest sent a letter to each CLEC advising them of the wire centers in which Qwest showed the CLEC to have a fiber-based collocation as reflected by the data on the initial list. In that March 29, 2005 letter, Qwest requested that the CLEC make sure its records agreed with Qwest's records and, if there was a discrepancy, that the CLEC provide documentation to Qwest regarding the collocation in question. Qwest requested that any such documentation be provided by April 12, 2005.

Q. DID ANY CLECs RESPOND TO THE REQUESTS FOR VALIDATION OF THEIR FIBER-BASED COLLOCATION DATA IN OREGON?

A. Yes. Six fiber-based collocators operating in Oregon responded to the letter that Qwest sent asking for validation of their fiber-based collocation data. Two collocators responded, but with general concerns and no specific challenges. Two other collocators challenged Qwest's interpretation of *TRRO* criteria when defining fiber-based collocators, with one of them also challenging the designation of a particular collocation as fiber-based. I discuss mis-designated collocations later in Section V of my testimony. One collocator also expressed concerns regarding the transfer of assets to another entity.

Finally, the sixth collocator responded by asking to have Qwest include an additional wire center in another state.

Q. WHY DID QWEST BELIEVE IT WAS NECESSARY TO UNDERTAKE A SECOND EFFORT TO VALIDATE THE LIST OF NON-IMPAIRED WIRE CENTERS?

A. While Qwest was relatively confident in the accuracy of the initial list of non-impaired wire centers, it recognized that because of its conservative approach, the list might not necessarily be complete. In taking the approach that it did, Qwest recognized there was potential for undercounting the number of collocators. For example, the possibility of mergers and acquisitions that had not been properly communicated by CLECs to Qwest created potential for mis-counting. Therefore, if there was any question as to whether or not two given carriers were affiliated, the carriers were counted as one collocator, rather than two. Furthermore, the databases that Qwest used as a source to identify fiber-based collocations were designed for a much different purpose, and thus included all types of collocation. Qwest was now reviewing these databases for much more specific information and types of collocation that would not necessarily have been included in the records. Again, however, if there was any question as to whether a collocator met the FCC's definition of a fiber-based collocator, Qwest did *not* include the carrier in the count of collocators. Finally, responses to the letters that Qwest sent to collocating CLECs indicated that changes to the initial list might be necessary.

Q. DESCRIBE THE SECOND EFFORT WHICH RESULTED IN QWEST RE-FILING ITS WIRE CENTER LIST WITH THE FCC.

A. As previously stated, Qwest recognized that while its initial list was accurate, it was not necessarily complete. Again, Qwest looked to the language of the *TRRO* for direction in compiling a more comprehensive list of fiber-based collocators operating in Oregon. The tier determinations as filed with the FCC were used as a baseline. Lists of Tier 1 and Tier 2 fiber-based collocations were sorted by wire center. For each wire center, all identified collocations were entered into a template spreadsheet. The purpose of the spreadsheet was to facilitate the documentation of the following via field verifications:

a. Verification of Operator/Carrier Name. What name, if any, was stenciled on the collocation space? If stenciled, did the name on the space match that of the operator/carrier on record?

b. Verification of Power. Upon visual inspection, was there active power to the collocation space? Were complete electrical circuits in place to Qwest power systems? If possible, could billing be verified?

c. Verification of Fiber Facilities. Could fiber be visually verified? Was it an express fiber[4]? Upon a visual inspection, did the fiber terminate on equipment within the collocation space? Did the fiber leave the wire center premises?

The parameters which were to be verified were taken directly from the criteria set forth in the TRRO in defining a fiber-based collocation. The spreadsheet, as sent to Qwest's field

[4] Express fiber is a CLEC provided fiber that is brought directly in to the collocation with no Qwest provided entrance facility.

personnel, was populated with the fiber-based collocators that had been identified by the initial effort. The physical verification of each wire center that was part of the second effort not only verified the inclusion of the collocators identified in the initial effort, but allowed for the verification of collocations that had not previously been included for whatever reason. Exhibit Qwest/9 is a blank example of the template spreadsheet document.

During the first week of June 2005, Qwest sent the template spreadsheet document to its Oregon central office field personnel and such personnel were then directed to physically inspect the identified wire centers and to (1) verify the information for the fiber-based collocations identified and listed in the initial FCC filing, (2) add any fiber-based collocations that met the criteria but that were not captured in the initial list, and to document the criteria, (3) investigate disputes or data, if any, provided by CLECs in their responses to Qwest's letter, and (4) provide any pertinent anecdotal information or comments they may have had regarding any of the collocations.

Qwest then edited the initial list of fiber-based collocators to reflect the information gathered through the physical field verifications. This verified list was used in determining the list of Qwest non-impaired wire centers that Qwest filed with the FCC on July 8, 2005.

Q. WITH THE FIELD VERIFICATION HAVING BEEN COMPLETED IN JUNE 2005, COULD IT BE ASSUMED THAT THE FIBER-BASED COLLOCATIONS WERE IN PLACE AS OF THE MARCH 11, 2005 DATE?

A. Yes. Consistent with the fact that the effective date of the *TRRO*, March 11, 2005, was, in fact, the effective date for removing unbundling obligations where non-impairment criteria are met, Qwest's personnel in the field only included those collocations that met the criteria as of the March 11, 2005 date. Such personnel did not include any collocations that may have met the criteria after the March 11, 2005 date.

V. QWEST FILED A REVISED LIST OF UNIMPAIRED WIRE CENTERS WITH THE FCC THAT REFLECTED A COMPREHENSIVE AND ACCURATE REVIEW OF FIBER-BASED COLLOCATORS

Q. PLEASE PROVIDE THE LIST OF FIBER-BASED COLLOCATORS BY OREGON WIRE CENTER THAT QWEST USED IN DEVELOPING THE LIST OF NON-IMPAIRED WIRE CENTERS THAT IT RE-FILED WITH THE FCC ON JULY 8, 2005.

A. Highly Confidential Exhibit Qwest/10 is the list of fiber-based collocators in Oregon that Qwest used in determining the final list of non-impaired wire centers in this state.

Q HOW MANY OREGON WIRE CENTERS REQUIRED CHANGES IN THE NUMBER OF FIBER-BASED COLLOCATORS AS A RESULT OF THE REVIEW AND FIELD VERIFICATIONS?

A. The review and field verifications led to changes in the number of fiber-based collocators in five wire centers in Oregon, but no changes in the tier designations.

Q. PLEASE IDENTIFY THE OREGON WIRE CENTERS FOR WHICH THERE WERE CHANGES IN THE NUMBER OF FIBER COLLOCATORS, AND EXPLAIN THE REASONS FOR THE CHANGES IN BOTH THE NUMBER OF FIBER-BASED COLLOCATORS AND THE CHANGES IN TIER DESIGNATION.

A. Five wire centers were impacted as a result of the reviews and field verifications of the fiber-based collocators identified in Oregon wire centers. Changes resulted in the

number of collocators in three of the five wire centers due to mis-designations or additions. The remaining two saw no change in number or tier. Table 1 below summarizes the changes that resulted from the review and physical field verification in the three impacted wire centers.

Highly Confidential Exhibit Qwest/11 details all five collocators involved and the specific mis-designations and/or additions.

Table 1

Wire Center	Change in Number of Collocators	Change in Tier Designation
PTLD-CAPITOL	Dropped from 9 to 7 collocations as result of field verification confirming one collocator was mis-designated, and another was double counted after transfer of assets to another entity (after an acquisition was not properly communicated to Qwest).	No change in Tier designation, remained Tier 1
SALEM - MAIN	Field verification resulted in an increase of collocators from 1 to 3.	No change in Tier designation, remained Tier 1
PTLD-BELMONT	One collocator was mis-designated, while another was added as a result of the field verifications. No net change in number of collocators.	No change in Tier designation, remained Tier 1

Q. DOES THE FACT THAT QWEST MADE CHANGES TO THE NUMBER OF FIBER-BASED COLLOCATORS IN FIVE OREGON WIRE CENTERS REFLECT UPON THE RELIABILITY OF QWEST'S DATA?

A. No. As I have previously stated, in its initial compilation of data, Qwest took a very conservative approach in listing the number of collocators. If there was any doubt as to whether a collocator met the criteria, Qwest did not include the collocator. The increases in the numbers of fiber-based collocators occurred only after comprehensive physical field verifications had been conducted, leaving little, if any, room for doubt. Furthermore, in the two instances where a collocator was mis-designated, it was a case of Qwest identifying a period of time during which it was transitioning to a new database tracking tool, and thus some data for collocations provisioned during that period may have been erroneously categorized. Nonetheless, as a result of the initial reviews, all collocations provisioned during that timeframe were reviewed a second time to ensure accuracy. While the majority of the collocations that were reviewed a second time did not require any modifications, the subsequent additional effort yielded a much more accurate list of collocators across Oregon.

Q. DOES QWEST'S PROCESS FOR IDENTIFYING FIBER-BASED COLLOCATORS SUBSTANTIATE ITS POSITION THAT THE LIST OF NON-IMPAIRED OREGON WIRE CENTERS IS ACCURATE AND SHOULD BE VALIDATED BY THIS COMMISSION?

A. Yes. Qwest took great pains to ensure that the number of fiber-based collocators in Oregon wire centers was accurately counted. Its process for identifying qualifying

collocators produced an accurate and verified count. This accurate and verified data on the number of fiber-based collocators was one of two determinative factors in determining which Oregon wire centers were non-impaired. The resulting list of non-impaired Oregon wire centers, having relied on this accurate and verified data, is by extension just as accurate and should be validated by this Commission.

VI. SUMMARY OF TESTIMONY

Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.

A. Qwest is requesting that this Commission to validate the list of non-impaired Oregon wire centers as accurate. Using the criteria set forth by the *TRRO*, Qwest made extensive efforts to compile a comprehensive and accurate list of fiber-based collocators within its Oregon wire centers, one of the determining factors in identifying non-impaired wire centers.

With that objective in mind, Qwest undertook two distinct efforts at identifying the number of fiber-based collocators within in its wire centers not only in Oregon, but in all other states within its serving territory. In its first effort, Qwest used its collocation tracking records and billing data as a baseline. The second effort verified the accuracy of the initial list and incorporated CLEC responses to Qwest's requests for confirmation of data and actual field verifications of wire centers. For both the initial and second efforts, Qwest applied a literal interpretation of the criteria set forth in the *TRRO* for determining a fiber-based collocator, and thus adopted the *TRRO*'s criteria, verbatim, as the baseline for its process for identifying fiber-based collocators with in its wire centers. The resulting list of fiber-based collocators in Oregon wire centers is accurate, comprehensive and has been verified in numerous ways, including, through tracking records, power records and billing records and through physical inspections. Qwest made extensive efforts to obtain an accurate inventory of the fiber-based collocators in Oregon wire centers based on the reasonably available information to which it had access. As such,

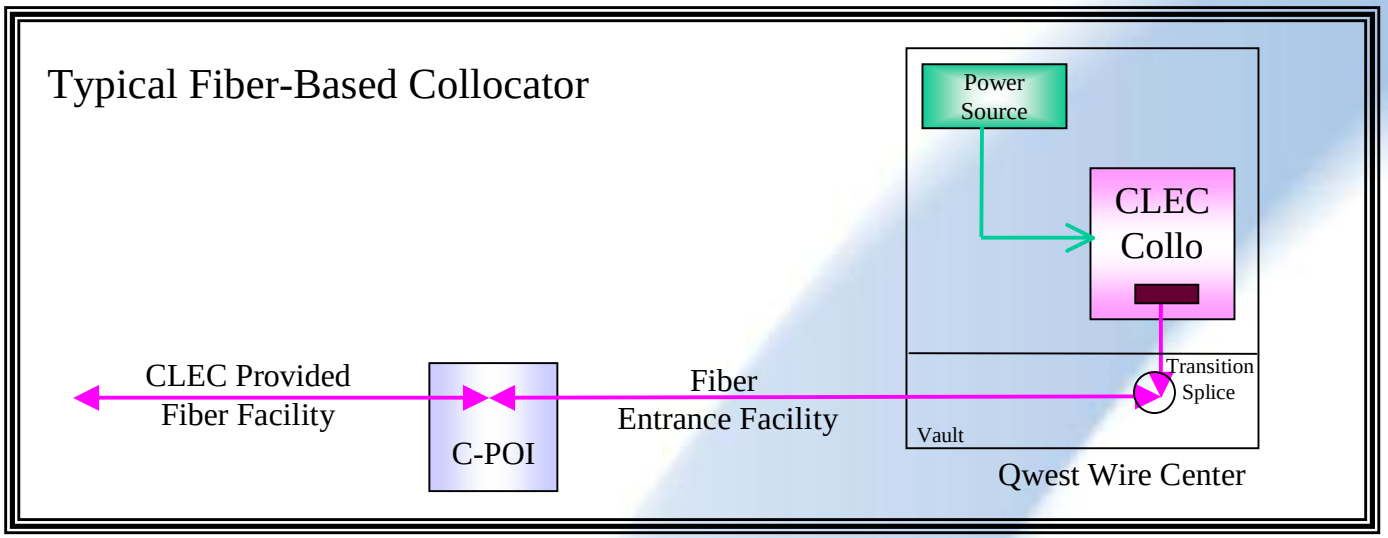
the list of Qwest's non-impaired Oregon wire centers should be validated by this Commission.

VII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does. Thank you.

Fiber-Based Collocation Architectures



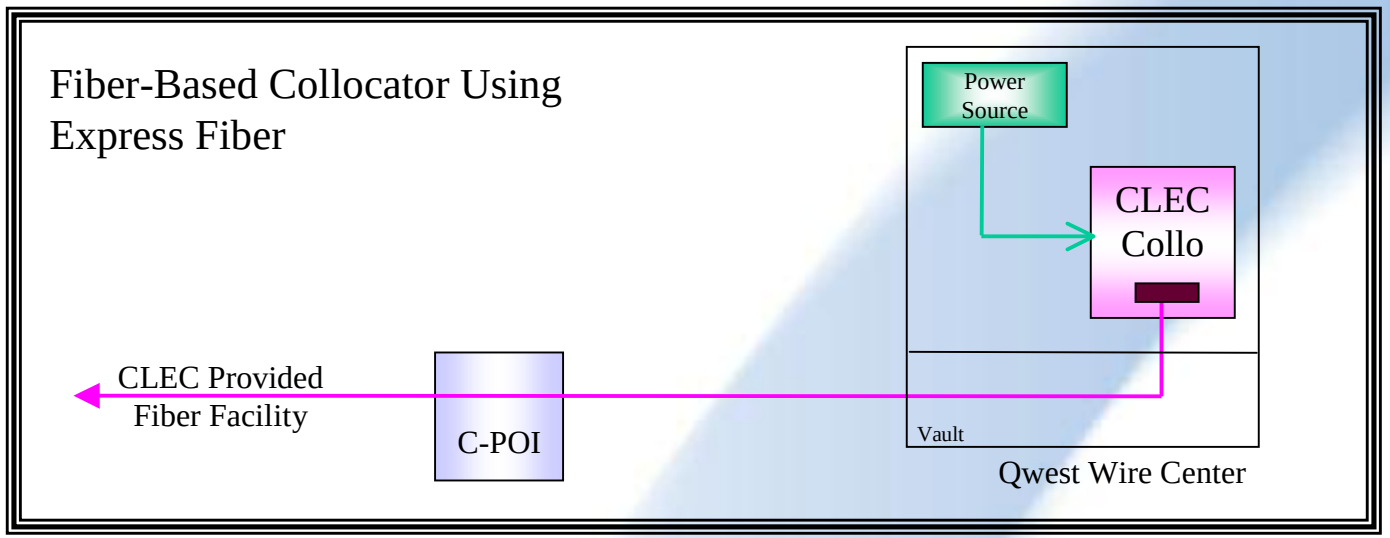
Note: For the sake if clarity and simplicity, not all elements along a fiber route have been depicted (i.e. other manholes, distribution Panels, other collocations).

The CLEC brings its fiber to a Collocation Point of Interface (C-POI) where it is spliced to an entrance facility, obtained from Qwest for entry into its wire center, and which extends from the C-POI, through the wire center vault (where it is converted to fire rated central office inside cable), into the wire center central office, and into the CLEC collocation space where the CLEC terminates the fiber onto CLEC equipment within the collocation space.

Qwest provides power to the collocation space for CLEC equipment.

Qwest

Fiber-Based Collocation Architectures



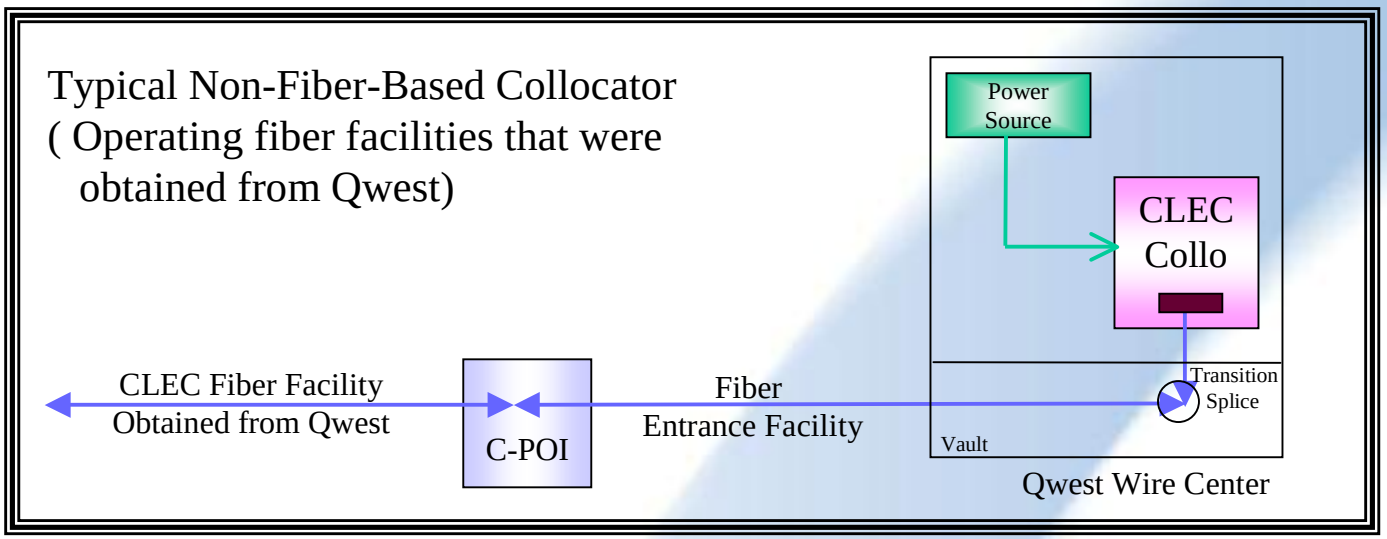
Note: For the sake if clarity and simplicity, not all elements along a fiber route have been depicted (i.e. other manholes, distribution Panels, other collocations).

The CLEC has brought its own fiber to a Collocation Point of Interface (C-POI) where it hands off a sufficient length of fiber for Qwest to extend it from the C-POI, through the vault and into the CLEC collocation space where CLEC terminates the fiber onto CLEC equipment within the collocation space. (In an express entrance, the fiber entering the vault must be fire rated central office inside cable.)

Qwest provides power to the collocation space for CLEC equipment.

Qwest

Fiber-Based Collocation Architectures



Note: For the sake if clarity and simplicity, not all elements along a fiber route have been depicted (i.e. other manholes, distribution Panels, other collocations).

The CLEC obtains fiber from Qwest which extends from the CLEC network to a Collocation Point of Interface (C-POI) where it is spliced to an entrance facility, also obtained from Qwest for entry into its wire center, and extends from the C-POI through the wire center vault (where it is converted to fire rated central office inside cable), into the CLEC collocation space, where the CLEC terminates the fiber onto CLEC equipment within the collocation space.

Qwest provides power to the collocation space for CLEC equipment.

Qwest

Collocation Verification Worksheet

Track Changes	CLEC Name	Collo Type	State	WC CLLI	CO Name	Fiber	Express Fiber	Termination in collo?	Exits Qwest Central office?	Visual Power verification?	Power Verification at BDFD?
			Oregon	SALMOR58	SALEM-MAIN						
			Oregon	SALMOR58	SALEM-MAIN						
			Oregon	SALMOR58	SALEM-MAIN						
Tier 1			Oregon	SALMOR58	SALEM-MAIN						

Verified by:	Date:

Qwest/9
Torrence/1

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1251

In the Matter of	**)**
COVAD Communications Company,	**)**
ESCHELON TELECOM of Oregon, Inc.,	**)**
INTEGRA TELECOM OF OREGON, INC.,	**)**
MCLEODUSA TELECOMMUNICATIONS	**)**
SERVICES, INC., and XO	**)**
COMMUNICATIONS SERVICES, INC.	**)**
	)
Request for Commission Approval of Non-	**)**
Impairment Wire Center List.	**)**

DIRECT TESTIMONY OF

TERESA K. MILLION

FOR

QWEST CORPORATION

APRIL 21, 2006

TESTIMONY OF TERESA K. MILLION
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EXECUTIVE SUMMARY

My name is Teresa K. Million. I am employed by Qwest Services Corporation, parent company of Qwest Corporation ("Qwest"), as a Staff Director in the Public Policy organization and I am testifying on behalf of Qwest. In my testimony, I describe the work activities that Qwest must perform in the conversion of an Unbundled Network Element ("UNE") circuit to a private line circuit. Qwest is required to perform these work activities in order to transition circuits purchased by Competitive Local Exchange Carriers ("CLECs") from a UNE circuit to a private line circuit. This activity will take place in wire centers where the FCC-ordered criteria has shown that CLECs are not "impaired" without access to DS1 or DS3 UNE loops, or DS1 or DS3 inter-office transport.

Qwest advocates the use of the existing tariff charge which best approximates the costs that Qwest will incur when performing the conversion work activities. Qwest is asking the Commission to recognize that Qwest will incur costs when performing the UNE-to-private line circuit conversions, is entitled to recovery of those costs, and thus has a right to assess such a charge for the work that it performs.

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Teresa K. Million. I am employed by Qwest Services Corporation, parent company of Qwest Corporation ("Qwest"), as a Staff Director in the Public Policy organization. In this position, I am responsible for directing the preparation of cost studies and representing Qwest's costs in a variety of regulatory proceedings. My business address is 1801 California St., Room 4700, Denver, Colorado.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. I received a Juris Doctor from the University of Denver, College of Law in 1994 and am licensed to practice law in Colorado. I also have a Master of Business Administration from Creighton University and a degree in Animal Science from the University of Arizona.

I have more than 22 years experience in the telecommunications industry with an emphasis in tax and regulatory compliance. I began my career with Qwest (formerly Northwestern Bell Telephone Company and then U S WEST, Inc.) in 1983. Between 1983 and 1986, I administered Shared Network Facilities Agreements between Northwestern Bell and AT&T that emanated from the divestiture of the Bell System in 1984. I held a variety of positions within the U S WEST, Inc. tax department over the next ten years, including tax accounting, audit, and state and federal tax research and planning. In 1997, I assumed a position that had responsibility for affiliate transactions

compliance, specifically compliance with Section 272 of the Telecommunications Act of 1996 (the "Act"). 47 U.S.C. § 272. In September 1999, I began my current assignment as a cost witness. In this position, I am responsible for managing cost issues, developing cost methods and representing Qwest in proceedings before regulatory commissions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been called upon as a cost expert to describe the work activities that Qwest undertakes in converting a UNE circuit to a private line circuit. Qwest performs these work activities in transitioning circuits that must be converted from UNEs to private line circuits in wire centers that the FCC has deemed "non-impaired." Qwest will utilize a Nonrecurring Charge ("NRC") to recover the costs that it incurs when implementing these conversions.

II. NONRECURRING COSTS

Q. IS QWEST ENTITLED TO CHARGE CLECs FOR THE NONRECURRING COSTS OF CONVERTING CIRCUITS FROM UNEs TO PRIVATE LINE SERVICES?

A. Yes. Qwest incurs costs in the process of converting UNE transport or high-capacity loops to alternative facilities and arrangements and therefore should be permitted to assess an appropriate tariffed charge. In the case of the conversions of UNEs to alternative facilities, *but for* the conversion, Qwest would not have to incur the costs of performing the associated tasks.

Q. DO CLECs HAVE A CHOICE OTHER THAN TO CONVERT THEIR UNE CIRCUITS TO QWEST PRIVATE LINE SERVICES?

A. Absolutely. For wire centers that the FCC has determined to be non-impaired, Qwest is no longer required to provide access to DS1 or DS3 UNE loops, or DS1 or DS3 inter-office transport. In making such a determination, the FCC has found that sufficient alternatives are available to CLECs in the affected wire centers to preclude CLEC reliance on ILEC facilities in order to maintain a competitive marketplace. What this means is that for such affected wire centers, CLECs have facilities available to them from other carriers, or they have the ability to construct their own facilities, thereby making reliance on Qwest's DS1 and DS3 UNEs unnecessary. Therefore, if a CLEC remains on Qwest's facilities, rather than disconnecting the UNEs and availing itself of alternative facilities, it necessarily does so because it has evidently determined that converting to Qwest's private line service is the most economic choice among the available alternatives. However, if Qwest were not allowed to charge the CLEC for its costs to perform the conversion, the CLEC's economic assessment of the alternatives would be distorted, possibly leading it to choose Qwest's facilities in situations where another alternative, such as building its own facilities, is more economically sustainable. In addition, if Qwest performs the activities associated with a conversion, but is not allowed to charge the CLEC for such activities, the cost burden is shifted to Qwest, placing Qwest at a disadvantage in a marketplace which the FCC determined to be competitive. Thus, to the extent that Qwest incurs costs to facilitate the CLEC's conversion from a UNE to a private line service, Qwest should be entitled to assess an appropriate charge.

Q. WHAT STEPS ARE INVOLVED IN THE PROCESS OF CONVERTING A UNE CIRCUIT TO A SPECIAL PRIVATE LINE CIRCUIT?

A. The conversion of a UNE circuit to a special private line circuit involves three functional areas within Qwest's ordering and provisioning organizations. The personnel within these three functional areas involved with a conversion are: (1) the Service Delivery Coordinator ("SDC"), (2) the Designer and (3) the Service Delivery Implementor. Within each of these three job functions, there are a variety of steps that Qwest must undertake to assure itself that the data for the converted circuit is accurately recorded in the appropriate systems.

First, the SDC must review and confirm the data in the Access Service Request ("ASR") and assure that the data is accurately transferred into two service orders required to change billing from the CRIS (Customer Record and Information System) billing system to the IABS (Interactive Access Billing System) billing system.[1] The SDC is the primary contact for the CLEC, and he/she provides the CLEC end-to-end order coordination from request to order completion. In addition, the SDC must change the circuit identifier ("circuit ID") to reflect the fact that the circuit will now be recognized as a private line rather than a UNE circuit once the order is complete.[2] Finally, the SDC must check the

[1] An ASR is an industry-standard order form used by a carrier, such as a CLEC, for the ordering of a carrier-to-carrier service. The CRIS billing system is used for the majority of residential and business account bills for exchange services. It calculates, prints, and mails bills to individual retail end-user customers for retail products, and to CLECs for some interconnect (wholesale) products. The IABS billing system is focused on access or facility-driven billing, whose functionality includes switched and special service orders, meet-point billing, mechanized adjustments for interexchange carriers and other facilities-based CLEC accounts.

[2] The circuit ID is an alpha/numeric identifier whose sequence of letters and numbers define the characteristics of a particular circuit and which indicates attributes of the circuit, such as the LATA and jurisdiction, as well as the type of circuit, service code and service modifiers. In addition, the circuit ID contains a serial number

accuracy of Work Force Administration ("WFA") and Service Order Assignment Control ("SOAC") data.[3]

The Designer reviews and validates the circuit design and assures that the design records for the converted circuit match the current UNE circuit, as well as that no physical changes to the circuit are needed. The Designer also reviews the circuit inventory in the Trunk Integrated Record Keeping System ("TIRKS") database to ensure accuracy and database integrity.[4] This effort assists other Qwest departments that are "downstream" from the Designer to ensure that there is no service interruption for the CLEC's end-user customer.

Finally, the Service Delivery Implementer has overall control for order provisioning. He/she verifies the Record-In and Record-out orders and completes the update of the circuit orders in the WFA system.[5]

Q. WHY MUST THE "CIRCUIT ID" BE CHANGED WHEN CONVERTING A UNE TO A PRIVATE LINE CIRCUIT?

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for the circuit to ensure that no duplication occurs, and an identifier for the region in which the circuit is physically located. The circuit ID follows Telcordia standards and allows lower-level tracking for maintenance and reporting purposes.

[3] WFA is a mechanized system which supports and simplifies the coordination, tracking, pricing, and assigning of work requests, while SOAC is a Telcordia system that controls the flow of service order activity from Qwest service order processors ("SOPs") to other "downstream" systems. Based on the service order input, SOAC determines which operations systems need to be involved in activating service, and provides instructions and sequencing to those operations systems.

[4] The TIRKS database is a Telcordia application that tracks and inventories central office and outside plant facilities. TIRKS contains the inventory information to update equipment components, frame data, circuit assignments, and other data related to telephone equipment.

[5] Record-In and Record-out orders are the in and out service orders that establish the "new" private line service for the CLEC and that disconnect the existing UNE by moving the circuit data from one billing system to another. These in and out service orders also reflect the updated circuit data for all the various databases which track circuit status/activity.

A. FCC rules require that telephone carriers accurately maintain records that track inventories of circuits. Specifically, 47 C.F.R. § 32.12(b) and (c) provides as follows:

> (b) The company's financial records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in these accounts. The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.
>
> (c) The Commission shall require a company to maintain financial and other subsidiary records in such a manner that specific information, of a type not warranting disclosure as an account or subaccount, will be readily available. When this occurs, or where the full information is not otherwise recorded in the general books, the subsidiary records shall be maintained sufficient detail to facilitate the reporting of the required specific information. The subsidiary records, in which the full details are shown, shall be sufficiently referenced to permit ready identification and examination by representatives of this Commission [FCC].

Thus, Qwest is required to maintain subsidiary records in sufficient detail to align specific circuits with the billing, accounting, and jurisdictional reporting requirements related to the services that these circuits support. These subsidiary records include cable engineering and assignment records, one of which is the circuit identification. In order to sufficiently maintain its subsidiary records to support its accounting for UNEs versus its private line services, Qwest must have accurate circuit identifiers that properly track circuits separately.

In addition, the unique circuit ID is maintained as a means of measuring the different *service performance requirements* that apply to UNEs and private line services. For example, UNEs are measured using the "PID/PAP" methodologies established in each of the states during the Section 271 approval process prior to Qwest's re-entry into the

interLATA long distance market pursuant to Section 271 of the Telecommunications Act of 1996.[6]

Q. WHY IS QWEST ADVOCATING THE USE OF THE DESIGN CHANGE CHARGE INSTEAD OF A UNIQUE CHARGE FOR THE UNE-TO-PRIVATE LINE CONVERSION PROCESS?

A. The Design Change charge involves functional areas and work tasks that are similar to those associated with the conversion of a UNE to a private line service or facility. In addition, it provides a conservative estimate of the costs that Qwest will incur when converting CLEC high-capacity loop and transport UNEs to their private line counterparts. The existing Design Change charge reflects the costs and activities associated with Qwest personnel reviewing ASRs, communicating with CLECs and intra-company contacts, validating rates and billing systems, checking WFA and completing the service orders in Qwest's various billing and tracking systems. Similar activities take place when Qwest processes the orders for the conversion of a UNE to a private line circuit. Due to the systems involved in the separate tracking of UNE and private line services, as well as the additional manual efforts that Qwest undertakes to ensure there are no service disruptions for CLEC customers, the UNE-to-private line conversion orders are typically more costly to process than a typical Design Change. The use of the

[6] PIDs are Performance Indicator Definitions, which are measures that provide an objective method to judge Qwest's ability to provide wholesale services. The PAP, or Performance Assurance Plan (also known as the QPAP), provides a series of key measures designed to assure CLECs and regulatory bodies of Qwest's commitments to performance in key areas as determined by the PIDs. Each state commission in Qwest's 14-state ILEC region oversees its own PAP, and enforces each of the five functional areas (including electronic gateway availability, pre-order/order, ordering and provisioning, maintenance and repair, and billing) and approximately 41 PIDs that make up the PAP.

existing Design Change charge avoids the complexity of adding a new charge to Qwest's billing systems, and gives CLECs the benefit of a very conservative charge when compared with the actual activities that Qwest undertakes during this conversion process.

Q. IS QWEST ASKING THIS COMMISSION TO DETERMINE THE REASONABLENESS OF APPLYING THE DESIGN CHANGE CHARGE TO THE CONVERSION PROCESS?

A. No. Qwest is simply demonstrating with this testimony the nature of the work activities that it will perform in processing the conversions from UNEs to private line circuits that will occur at those wire centers that the FCC has deemed non-impaired. For the reasons stated above, Qwest believes that its existing tariffed Design Change charge represents an appropriate charge to CLECs for Qwest's processing of these conversions. Qwest asks that this Commission acknowledge Qwest's right to assess such a charge for the work that it performs.

III. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony describes the work activities that Qwest must perform with the conversion of a UNE circuit to a private line circuit, and provides the Commission the rationale why Qwest should be allowed to recover its costs for those activities. Qwest is required to perform these work activities in order to transition circuits purchased by CLECs when a UNE is converted to a private line circuit. The FCC has determined that CLECs are not

impaired without access to DS1 and DS3 UNEs in these wire centers, and this determination means that there are sufficient alternatives to those UNEs, as well as to Qwest's private line services. If a CLEC uses Qwest private line services and facilities, Qwest should be allowed to charge the CLEC for the activities it undertakes to convert those circuits from UNEs to private line services.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.