



Qwest

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Carla M. Butler
Lead Paralegal

May 21, 2007

Frances Nichols Anglin
Oregon Public Utility Commission
550 Capitol St., NE
Suite 215
Salem, OR 97301

Re: UM 1251

Dear Ms. Nichols Anglin:

Enclosed for filing please find an original and (5) copies of Qwest Corporation's Compliance Filing of Cost Study 9710 for Its Oregon UNE To Private Line Conversion Nonrecurring Charge Pursuant to Order No. 07-109, along with a certificate of service.

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

Sincerely,

A handwritten signature in blue ink that reads "Carla". The signature is written in a cursive, flowing style.

Carla M. Butler

CMB:

Enclosures

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BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1251

In the Matter of <i>TRRO</i> /Request for Commission Approval of Wire Center Lists submitted on behalf of the Joint CLECs	QWEST'S COMPLIANCE FILING OF COST STUDY 9710 FOR ITS OREGON UNE TO PRIVATE LINE CONVERSION NONRECURRING CHARGE PURSUANT TO ORDER NO. 07-109
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Pursuant to the Commission's Order No. 07-109, Qwest Corporation ("Qwest") hereby makes its compliance filing of its cost study for its Oregon UNE to Private Line Conversion nonrecurring charge. This cost study supports Qwest's costs as a result of orders by Competitive Local Exchange Carriers ("CLECs") to convert unbundled network elements ("UNEs") to tariffed private line services or facilities at non-impaired wire centers pursuant to the Federal Communications Commission's *Triennial Review Remand Order* ("*TRRO*").

BACKGROUND RE ORDER NO. 07-109 AND COMPLIANCE FILING

On March 20, 2007, the Commission issued Order No. 07-109 granting in part and denying in part the petition for Commission approval of Qwest's non-impairment wire center list pursuant to the FCC's *Triennial Review Remand Order* ("*TRRO*"). In the Order, the Commission ruled that Qwest was entitled to charge a nonrecurring charge for the conversion of a unbundled network element ("UNE") to a tariffed private line service, but that Qwest was required to provide cost study support for it. Specifically, the Commission ordered that Qwest file "a cost study consistent with this Order to establish a nonrecurring charge for the conversion of Unbundled Network Elements to tariffed special access services," within 60 days of the Order. Order, p. 20, Ordering Clause 4.

Attached as Exhibits A and B are the following documents:

- Exhibit A Executive Summary- Oregon UNE to Private Line Conversion, Study ID 9710, Nonrecurring Charge Study, April 2007
- Exhibit B Excel spreadsheet- Oregon UNE to Private Line TELRIC NRC Workpapers, Study 9710, April 2007

CONCLUSION

Accordingly, Qwest files its compliance filing of Cost Study 9710 for its Oregon UNE to Private Line Conversion nonrecurring charge pursuant to the Commission's Order No. 07-109.

Dated: May 21, 2007

Respectfully submitted,

QWEST CORPORATION



By _____

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EXECUTIVE SUMMARY

OREGON

UNE TO PRIVATE LINE CONVERSION

Study ID 9710

2007
Nonrecurring Cost Study

APRIL 2007

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A. PURPOSE, SCOPE, AND APPLICATION

This study estimates forward-looking nonrecurring Total Element Long Run Incremental Costs (TELRIC) Qwest will incur to provide Unbundled Network Element to Private Line Conversion. Nonrecurring costs represent the one-time costs that are incurred in order to establish and disconnect the service. The study identifies the costs for various work activities involved in providing the service. The study results represent fully allocated 2007 costs and may be used for pricing and other management decisions.

B. DESCRIPTION OF SERVICE

Unbundled Network Element (UNE) to Private Line Conversion

A UNE to Private Line conversion involves the transfer of an “as is” circuit from a CLEC to Qwest Communications. Service Order processing requiring record in and record out orders are processed for administrative purposes to update and maintain records for the conversion. The cost is per circuit per order.

C. STUDY METHODOLOGY

The Nonrecurring Cost Program (NRC) performs mechanized cost calculations associated with the one time labor expense resulting from a customer request for service. Inputs to the calculations include: labor time, probability of occurrence, labor rate, and expense factors. Formatting commands performed by the program generate Total Element Long Run Increment Cost (TELRIC) results.

Following is a description of the required data inputs:

Time Estimates:

The time estimate is the average amount of time required to perform a particular work function. Time estimates are obtained from subject matter experts who represent the groups doing the work.

Probabilities:

A probability is the percentage of time Qwest performs a particular work function in the provision of a particular service offering. Probabilities are developed from reports and from the input of Subject Matter Experts.

Labor Rates:

Labor rates are based on incurred expense data from the general ledger journal file. The labor rates consist of costs that can be attributed to the function being performed and are forward looking based on the wage/salary index and the consumer price index. Components that make up labor rates include: basic wages, management/supervision/clerical support, benefits, other miscellaneous costs and as appropriate, motor vehicle and general purpose tools.

Expense Factors:

The program applies expense factors to the direct cost. The factors include Marketing Expense, Support Assets Expense, Uncollectibles and Common.

Once the service provisioning process has been identified, the appropriate times, Probabilities, and labor rate/work group identifies are formatted into NRC Program input data sheets. The process specific input files are then inserted into the NRC Program. The program user selects run options on a menu, and the NRC program then accesses the appropriate input from the NRC program workbook spreadsheets to calculate cost results.

D. DESCRIPTION OF TOTAL ELEMENT LONG RUN INCREMENTAL COSTS

Exhibit A

Qwest performs Total Element Long Run Incremental Cost (TELRIC) studies to estimate the economic cost of providing network elements.¹ The Qwest TELRIC studies identify the forward-looking costs associated with the provision of the total quantity of a network element in the long run. The *forward-looking* Qwest TELRIC studies identify the costs that are likely to be incurred in the future, and consider the latest forward-looking technologies and methods of operation that are currently available. These studies are *not* embedded or historical, and do not measure the impact of prior investment decisions by the corporation. The Qwest TELRIC studies also identify the *long run* costs associated with providing a network element—reflecting a time period over which all inputs (including changes in the size of facilities, levels of investment, etc.) can be adjusted.

Qwest classifies costs on the basis of occurrence. *Start-up costs* are costs incurred only once—these costs will not be incurred over the life of a UNE or Local Interconnection Service. One time start-up costs may occur when a service capability is established (e.g., when operational support systems are modified to enable unbundled access). These costs will not be incurred over the life of a UNE or Local Interconnection Service, even when service orders are processed. *Nonrecurring costs* are incurred on an ongoing basis over a service's life. These costs normally result from a customer order, and are predominantly labor-related. Nonrecurring costs are typically recovered through a nonrecurring rate element. *Recurring costs* are the ongoing costs associated with providing a network element. Recurring costs are generally investment-related and include both capital costs and operating expenses. These costs are often presented as a cost per month or per unit of usage (e.g., minute of use) and are incurred throughout the time period the network element is provided to a customer.

The Qwest cost study format disaggregates the cost results, on a unitized basis, into the following components:

Direct Network Costs are direct product group costs. They include network related investment based costs and Direct Product/Service Expenses. Investment Based Costs are associated with recurring cost elements and include the capital costs (e.g., depreciation, return, and taxes) and maintenance costs associated with the investment required for provisioning a network element. Direct Product/Service Expenses are other product related costs associated with the provision of a product/service element such as the labor-related expenses for non-recurring costs.

Direct Expenses are those expenses that vary directly with the provision of the product or service. This includes Other Operating Taxes and Billing & Collection. Other Operating Taxes consists of property taxes, gross receipts taxes, licenses & fees from Account 7240.

Marketing are direct product group costs. Marketing costs include product management and sales expenses that Qwest's accounting records typically allow tracking down to a particular product or service group.

D. DESCRIPTION OF TOTAL ELEMENT LONG RUN INCREMENTAL COSTS (continued)

Exhibit A

Support Assets and **Uncollectibles** are not directly associated with a specific network element. These costs vary with the provision of all network elements, and are not common to the entire firm. Support Assets are comprised of the investment related costs and maintenance expenses associated with the Network Support Assets, General Support Assets, and General Purpose Computers. Uncollectibles are uncollectible revenues associated with wholesale LIS/UNE/Resale revenues.

Total Element Long Run Incremental Costs (TELRIC) represents the sum of Direct Network Costs (Investment Based Costs and Direct Product/Service Expenses), Direct Expenses (Other Operating Taxes and Billing & Collection), Marketing, Network Operations, Support Assets and Uncollectibles. This measure of costs includes the forward-looking costs incurred in the provision of a network element. This measure of costs is consistent with TELRIC as defined by the FCC.

Common Costs are associated with the enterprise as a whole. These costs do vary based on the total size of the firm, but may not vary with the provisioning of individual network elements. These costs are avoidable only with the elimination of the entire firm, and are sometimes referred to as *general overhead costs*.

Fully Allocated Costs represent the sum of Total Element Long Run Incremental Cost plus Common Costs (TELRIC + CC).

E. STUDY ASSUMPTIONS

The cost factors used in this study are based on Prescribed Lives.

F. STUDY SUMMARY

Exhibit A

Study Summary

Study Name	Oregon UNE to Private Line Conversion	
Study Requester	Teresa Million	
Type of Study	Total Element Long Run Incremental Costs (TELRIC)	
Study ID	#9710	
Study Applications	Pricing Decisions and Tariff Support	
Completion Date	April 26, 2007	
Cost Analyst	Dan Deffley	
Cost Models Used	Model	Version/Release Date
	NRC 3.62	4-07
Cost Factors Used	Factor	Effective Date
2005ORVITEU	Marketing	4/07
	Support Assets Expense	4/07
	Uncollectible	4/07
	Common	4/07
Cost of Money		9.66%
Major Cost Drivers	Labor Times, Labor Rates and associated weightings.	

G. NONRECURRING COST SUMMARY

UNE TO PRIVATE LINE CONVERSION

**Oregon
2007**

<i>Cost Element</i>	<i>Direct</i>	<i>Marketing</i>	<i>Support Assets Expense</i>	<i>Uncollectible</i>	<i>TELRIC</i>	<i>Common</i>	<i>TELRIC + Common</i>
UNE TO PRIVATE LINE CONVERSION - PER CIRCUIT PER ORDER	\$83.53	\$3.86	\$11.37	\$1.57	\$100.33	\$12.84	\$113.17

Direct - Direct Costs

Marketing - Marketing

Support Assets Expense - Support Assets Expense

Uncollectible - Uncollectible

TELRIC - Total Element Long Run Incremental Costs

Common - Common Costs

TELRIC + Common

G. NONRECURRING COST SUMMARY

UNE TO PRIVATE LINE CONVERSION

**Oregon
2007**

<i>Cost Element</i>	<i>Direct</i>	<i>Marketing</i>	<i>Support Assets Expense</i>	<i>Uncollectible</i>	<i>TELRIC</i>	<i>Common</i>	<i>TELRIC + Common</i>	<i>Detail Page Reference</i>	<i>Detail Line Reference</i>
UNE TO PRIVATE LINE CONVERSION - PER CIRCUIT PER ORDER	\$83.53	\$3.86	\$11.37	\$1.57	\$100.33	\$12.84	\$113.17	Pages 1-3	9

Direct - Direct Costs

Marketing - Marketing

Support Assets Expense - Support Assets Expense

Uncollectible - Uncollectible

TELRIC - Total Element Long Run Incremental Costs

Common - Common Costs

TELRIC + Common

NONRECURRING COST DETAIL SUMMARY

Study Name: UNE TO PRIVATE LINE CONVERSION
 Study Year: 2007
 Analyst: Deffley

Page 2 Of 4
 NRC Version: 3.61
 Date: 04/26/07

State: Oregon

Work Item A	Time Minutes B	Prob #1 C	Prob #2 D	Prob #3 E	Prob #4 F	Applied Time (Minutes) G	Labor /Hour H	Cost I
						B * (C Thru F)		H * (G/60)

UNE TO PRIVATE LINE CONVERSION - PER CIRCUIT PER ORDER

ADD

-SERVICE DELIVERY COORDINATOR

.995 PROBABILITY OF ASRs ARE MECHANICAL

.005 PROBABILITY OF ASRs ARE MANUALLY FAXED

2 PROBABILITY REPRESENTS ACTIVITY PERFORMED FOR TWO ORDERS, RECORD-IN AND RECORD-OUT

ONE ASR IS RECEIVED FROM THE CLEC, TWO ORDERS ARE ISSUED: CRIS OUT-ORDER, AND IABS-IN ORDER

.933 PROBABILITY IS PERCENT OF CIRCUITS/ORDERS THAT WILL REQUIRE A CIRCUIT IDENTIFICATION CHANGE

.067 PROBABILITY IS PERCENT OF CIRCUITS/ORDERS THAT WILL NOT REQUIRE A CIRCUIT IDENTIFICATION CHANGE

RECEIVE ASR MECHANICALLY, PULL UP IN EXACT	1	0.995	1.000			1.00	\$44.03	\$0.73
MANUALLY INPUT INTO EXACT, ASR'S RECEIVED VIA FAX	10	0.005	1.000			0.05	\$44.03	\$0.04
VALIDATE ASR IN EXACT FOR RECORD-IN ACTIVITY	10	1.000	1.000			10.00	\$44.03	\$7.34
VALIDATE CSR IN BOSS/CARS FOR RECORD-OUT ACTIVITY IN CRIS	5	1.000	1.000			5.00	\$44.03	\$3.67
VERIFY TAXI/BAN INFORMATION	2	1.000	1.000			2.00	\$44.03	\$1.47
LOOK UP/CONVERT USOCS/RATE ELEMENTS	5	1.000	2.000			10.00	\$44.03	\$7.34
CALLS WITH CLEC AND WITHIN COMPANY REGARDING PROJECT COORDINATION	10	1.000	1.000			10.00	\$44.03	\$7.34
MECHANICAL FOC	1	0.995	2.000			1.99	\$44.03	\$1.46
MANUAL FOC FOR RECORD-IN ORDER	6	0.005	1.000			0.03	\$44.03	\$0.02
MANUAL FOC FOR RECORD-OUT ORDER	2	0.005	1.000			0.01	\$44.03	\$0.01
DISTRIBUTE THE ORDER TO IABS/CRIS	1	1.000	2.000			2.00	\$44.03	\$1.47
VALIDATE IABS SERVICE ORDER FOR RECORD-IN ACTIVITY	6	1.000	1.000			6.00	\$44.03	\$4.40
VALIDATE CRIS SERVICE ORDER FOR RECORD-OUT ACTIVITY	3	1.000	1.000			3.00	\$44.03	\$2.20
DISTRIBUTE SERVICE ORDER TO THE SOPs	1	1.000	2.000	0.933		1.87	\$44.03	\$1.37
CHECK SOAC	3	1.000	2.000	0.933		5.60	\$44.03	\$4.11
CHECK WFA	3	1.000	2.000	0.933		5.60	\$44.03	\$4.11
CHECK IABS SERVICE ORDER FOR RECORD-IN ACTIVITY	5	1.000	1.000			5.00	\$44.03	\$3.67
CHECK CRIS SERVICE ORDER FOR RECORD-OUT ACTIVITY	2	1.000	1.000			2.00	\$44.03	\$1.47
GO TO URL and FILL OUT MYNAH SCRIPT REQUEST TO UPDATE BILLING INFORMATION	5	1.000	1.000	0.067		0.34	\$44.03	\$0.25
VALIDATE IN TIRKS THAT CHANGES REQUESTED ON THE MYNAH SCRIPT HAVE BEEN	2	1.000	1.000	0.067		0.13	\$44.03	\$0.10
COMPLETE IABS SERVICE ORDER	1	1.000	1.000			1.00	\$44.03	\$0.73
COMPLETE CRIS SERVICE ORDER	1	1.000	1.000			1.00	\$44.03	\$0.73
COMPLETE EXACT	1	1.000	1.000			1.00	\$44.03	\$0.73
NOTE EXACT RECORD-IN, RECORD-OUT	2	1.000	2.000			4.00	\$44.03	\$2.94

NONRECURRING COST DETAIL SUMMARY

Study Name: UNE TO PRIVATE LINE CONVERSION
 Study Year: 2007
 Analyst: Deffley

Page 3 Of 4
 NRC Version: 3.61
 Date: 04/26/07

State: Oregon

Work Item A	Time Minutes B	Prob #1 C	Prob #2 D	Prob #3 E	Prob #4 F	Applied Time (Minutes) G	Labor /Hour H	Cost I
						B * (C Thru F)		H * (G/60)
UNE TO PRIVATE LINE CONVERSION - PER CIRCUIT PER ORDER (con't)								
Subtotal - SERVICE DELIVERY COORDINATOR						78.61		\$57.68
-DESIGNER								
<i>2 PROBABILITY REPRESENTS ACTIVITY PERFORMED FOR TWO ORDERS, RECORD-IN AND RECORD-OUT</i>								
<i>.933 PROBABILITY IS PERCENT OF CIRCUITS/ORDERS THAT WILL REQUIRE A CIRCUIT IDENTIFICATION CHANGE</i>								
Order handling and Screening	1	1.000	2.000	0.933		1.87	\$44.92	\$1.40
Verify WA Mask	1	1.000	2.000	0.933		1.87	\$44.92	\$1.40
Prepare Loop/Design Related Informatin (DRI) Screen	3	1.000	2.000	0.933		5.60	\$44.92	\$4.19
Review Circuit Design	5	1.000	2.000	0.933		9.33	\$44.92	\$6.99
Distribute Word Document	1	1.000	2.000	0.933		1.87	\$44.92	\$1.40
Subtotal - DESIGNER						20.53		\$15.37
-SERVICE DELIVERY IMPLEMENTOR								
<i>.933 PROBABILITY IS PERCENT OF CIRCUITS/ORDERS THAT WILL REQUIRE A CIRCUIT IDENTIFICATION CHANGE</i>								
SCREEN WFA FOR CIRCUIT RECORD-IN AND RECORD-OUT ORDERS	5	1.000		0.933		4.67	\$44.92	\$3.49
VERIFY TEMS (Transport Element Activation Manager) FOR RECORD-IN AND RECORD-OUT	5	1.000		0.933		4.67	\$44.92	\$3.49
COMPLETE CIRCUIT IN WFA/C FOR RECORD-IN AND RECORD-OUT	5	1.000		0.933		4.67	\$44.92	\$3.49
Subtotal - SERVICE DELIVERY IMPLEMENTOR						14.00		\$10.48
Total For Service:						113.13		\$83.53

NONRECURRING COST DETAIL SUMMARY

Study Name: UNE TO PRIVATE LINE CONVERSION
 Study Year: 2007
 Analyst: Deffley

Page 4 Of 4
 NRC Version: 3.61
 Date: 04/26/07

State: Oregon

Work Item A	Time Minutes B	Prob #1 C	Prob #2 D	Prob #3 E	Prob #4 F	Applied Time (Minutes) G	Labor /Hour H	Cost I
						B * (C Thru F)		H * (G/60)

UNE TO PRIVATE LINE CONVERSION - PER CIRCUIT PER ORDER (con't)

92	Direct Cost							\$83.53
93								
94								
95								
96								
97								
98	Marketing							
99	Product Management, Sales & Product Advertising Expenses							
100								
101								
102								
103	Subtotal							\$87.39
104								
105	Support Assets Expense							
106								
107	Uncollectible							
108								
109	TELRIC							
110								
111	Common							
112								
113	TELRIC + Common							\$113.17

CERTIFICATE OF SERVICE

UM 1251

I hereby certify that on the 21st day of May, 2007, I served the foregoing QWEST CORPORATION'S COMPLIANCE FILING OF COST STUDY 9710 FOR ITS OREGON UNE TO PRIVATE LINE CONVERSION NONRECURRING CHARGE PURSUANT TO ORDER NO. 07-109 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.

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DATED this 21st day of May, 2007.

QWEST CORPORATION



By: _____

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