

Qwest

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Carla M. Butler Lead Paralegal

August 30, 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 Supplemental Response Testimony of Rachel Torrence (Qwest/25), Exhibit Qwest/26 (Highly Confidential), and Exhibit Qwest/27, along with a certificate of service.

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

Sincerely,

Carla M. Butler

CMB:

**Enclosures** 

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1	BEFORE THE PUBLIC UTILITY COMMISSION
2	OF OREGON
3	UM 1251
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7 8 9 10	IN THE MATTER OF THE INVESTIGATION INTO QWEST WIRE CENTER DATA )
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16	SUPPLEMENTAL RESPONSE TESTIMONY
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18	$\mathbf{OF}$
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20	RACHEL TORRENCE
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22	ON BEHALF OF
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24	QWEST CORPORATION
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29	August 30, 2006
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1		I. IDENTIFICATION OF WITNESS
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3	Q.	PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH
4		QWEST CORPORATION.
5	A.	My name is Rachel Torrence. My business address is 700 W. Mineral Ave., Littleton
6		Colorado. I am employed as a Director within the Network Policy Group of Qwest
7		Services Corporation. I am testifying on behalf of Qwest Corporation and its affiliates
8		("Qwest").
9		
10	Q.	HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?
11	A.	Yes, I filed direct testimony in this docket on April 21, 2006 and reply testimony on June
12		16, 2006.
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# 1 II. PURPOSE OF SUPPLEMENTAL RESPONSE TESTIMONY 2 WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL RESPONSE Q. 3 **TESTIMONY?** 4 The purpose of my supplemental response testimony is to respond to the Declaration of 5 A. Mr. Cleve Tooker of CDS Networks ("CDS") that was submitted into evidence by the 6 Joint CLECs. 7 Mr. Tooker's declaration seeks to clarify CDS' status as a fiber-based collocator in the 8 Medford wire center. My testimony will provide the proper context under which Qwest 9 believes the Commission should consider the declaration, and will show that based on the 10 criteria the FCC set forth in defining a fiber-based collocator, CDS did indeed qualify as 11 a fiber-based collocator as of the March 11, 2005 TRRO effective date. 12 13 14

## III. CDS WAS OPERATING AS A FIBER-BASED COLLOCATOR ON THE 1 2 EFFECTIVE DATE OF THE TRRO 3 DID CDS OPERATE AS A FIBER-BASED COLLOCATOR IN THE MEDFORD 4 Q. WIRE CENTER AS OF THE EFFECTIVE DATE OF THE TRRO? 5 Yes. CDS was indeed serving customers via its Medford fiber-based collocation as of the 6 A. effective date of the TRRO, March 11, 2005. Indeed, Mr. Tooker admits at paragraph 4 7 of his declaration that CDS' facilities still carried a small percentage of traffic.<sup>1</sup> 8 Consequently, when Qwest performed its physical verification of the Medford wire 9 center, CDS' collocation was validated as being operational, as it met the exact criteria 10 that the FCC set forth in the TRRO for defining a fiber-based collocator. 11 12 Q. AT THE TIME IT PERFORMED ITS FIELD VERFICATIONS, WAS QWEST 13 AWARE OF CDS' BANKRUPTCY FILINGS? 14 15

As stated in my previous testimony, CDS responded to Qwest's March 29, 2005 letter of inquiry by stating that it was in bankruptcy. Qwest had also been served with certain bankruptcy court documents when Mr. Tooker's two companies, CDS Networks and its affiliate, Western Telephone Integrated Communications, Inc., filed Chapter 11 bankruptcy. At no point, however, did CDS or Mr. Tooker ever contact Qwest regarding disposition of CDS' collocation space, and, despite the bankruptcy proceedings, the CDS

<sup>&</sup>lt;sup>1</sup> Qwest believes that the percentage of customers that Mr. Tooker mentions in his declaration may be understated. For example, Highly-Confidential Exhibit Qwest/26 presents evidence showing that months later, the percentage of working circuits was still more than twice his estimate. Nevertheless, this is all a moot point in any event because the undisputed evidence is that CDS' fiber-based collocation was operational as of the *TRRO*'s effective date, March 11, 2005.

collocation was still serving customers through September 2005. Highly-Confidential Exhibit Qwest/26 is a list of the 306 working circuits in the collocation as of June 20, 2005. This list was pulled by Qwest personnel, when, in the absence of any information from CDS, Qwest needed confirmation that the collocation was still operating and that customers were still being served.<sup>2</sup> It was not until late September 2005 that Owest confirmed this collocation was no longer serving customers. Subsequently, Qwest initiated the process for decommissioning of the collocation space, and the collocation was thereafter turned down during the November 2005 time frame and placed on the available collocation inventory list. Finally, I understand from a recent review of the bankruptcy proceedings for Mr. Tooker's two companies, CDS and its affiliate, Western Telephone Integrated Communications, Inc. (Case Nos. 04-68413-fra7 and 04-68414-fra7), that EarthLink purportedly entered into an agreement with CDS for the acquisition of CDS' subscribers. Exhibit Qwest/27 is a Motion for a Rule 2004 Examination of EarthLink by the bankruptcy estate trustee, and the affidavit of the attorney for the estate trustee, affirming that the two companies were owned by a single shareholder, Mr. Tooker, and that the affairs of the two companies appear to have been significantly intertwined, and that EarthLink purportedly entered into an agreement to acquire CDS' customers. Thus,

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although the particular fiber-based collocation in the Medford wire center might have

terminated in Autumn 2005, it is clear that CDS was still a viable concern in the process

<sup>&</sup>lt;sup>2</sup> Qwest could not initiate any process to turn down or decommission the collocation space while there was the possibility of disconnecting service to any active consumers. This information pull was done independent of *TRRO* efforts.

- of being acquired by another company during that time period, and that, at a minimum, it
- was still in operation in March 2005. This is further proof that the claims that Mr.
- Tooker makes in his declaration appear to be overstated and exaggerated, and that CDS
- 4 was operational until September 2005, and, at a minimum, that CDS certainly remained a
- 5 fiber-based collocator in the Medford wire center as of March 11, 2005.

1		IV. SUMMARY AND CONCLUSION
2		
3	Q.	PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.
4	A.	CDS Networks was an operational fiber-based collocator in the Medford wire center on
5		the effective date of the TRRO, March 11, 2005, meeting all defining criteria that the
6		FCC set forth. CDS' collocation was serving a substantial number of customers through
7		at least June 2005, and possibly through September 2005, well after the March 11, 2005
8		effective date of the TRRO. The CDS collocation was not decommissioned until
9		November 2005, also well after the March 11, 2005 TRRO effective date. As such, CDS
10		Networks was accurately reflected as a fiber-based collocator in the Medford wire center
11		and thus Qwest's list of unimpaired wire centers should remain unaltered.
12		
13	Q.	DOES THIS CONCLUDE YOUR TESTIMONY?
14	A.	Yes, it does. Thank you.
15		
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17		

1	David B. Mills, OSB #77281
	HAMMONS & MILLS
2 l	115 W. 8 <sup>th</sup> Ave., Suite 280
	Eugene, Oregon 97401
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4	(6 12) 13 13 23

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Of Attorneys for David F. Wurst, Trustee

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MOTION FOR RULE 2004 EXAMINATION

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF OREGON

In re

Case No. 04-68413-fra7

Western Telephone Integrated
Communications, Inc.,

Debtor.

Case No. 04-68413-fra7

MOTION FOR RULE 2004

EXAMINATION
(ex parte)

David F. Wurst, Trustee, hereby moves the Court for an Order pursuant to Bankruptcy Rule 2004, requiring the following entity to appear for examination under and within the scope of BR-2004 as designated below:

Name
Date & Time
Place

Earthlink, Inc.
August 15, 2006
10:00 a.m.
Office of Hammons & Mills
115 W. 8th Ave., Suite 280
Eugene, Oregon 97401

The entity should be ordered to produce the documents described below at the time and place of the entity's Rule 2004 examination.

As described in this motion, the term "documents" refers to all written or graphic material, however provided or reproduced of every kind and description, in the actual or constructive possession, custody, care or control of the examinee. Without limiting the scope of the above definition, examples of documents sought include

Hammons & Mills 115 W. 8th Ave., #280

Eugene, Oregon 97401 Phone: (541) 484-1216 Fax: (541) 484-5326

Page 1 of 2

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originals (or copies when originals are not available) of correspondence, telegrams, notes or sound recordings of any type of personal or telephone conversations or of meetings or conferences of any kind, memoranda, interoffice communications, inventories, photographs, videotape recordings, contracts, agreements, desk calendars, appointment books, sales receipts or invoices, statements of account, diaries, time sheets or logs, expense reports, canceled checks, information of any kind stored in computer or similar equipment, microfilm records, analyses, results of investigations, reports, or papers similar to any of the foregoing and any drafts, amendments or supplements to any of the foregoing:

- 1. All agreements between Earthlink, Inc. and CDS Networks, Inc., Western Telephone Integrated Communications, Inc. and/or Cleve Tooker including, but not limited to: non-competition agreements, instructions for payment of contract proceeds, Subscriber Acquisition Agreements and copies of disbursement checks. ANY LISTS OR IDENTIFICATION OF SUBSCRIBERS CAN BE EXCLUDED.
- 2. All correspondence between Earthlink, Inc. and CDS Networks, Inc., Western Telephone Integrated Communications, Inc. and/or Cleve Tooker pertaining to: non-competition agreements, instructions for payment of contract proceeds, Subscriber Acquisition Agreements and copies of disbursement checks. ANY LISTS OR IDENTIFICATION OF SUBSCRIBERS CAN BE EXCLUDED.

This motion is supported by the Affidavit of David B. Mills attached hereto.

HAMMONS & MILLS

David B. Mills, OSB #77281 Of Attorneys for Trustee

MOTION FOR RULE 2004 EXAMINATION

Hammons & Mills 115 W. 8th Ave., #280 Eugene, Oregon 97401

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1	David B. Mills, OSB #77281		
2	HAMMONS & MILLS 115 W. 8th Ave., Suite 280 06 JUN 26 PH 3: 01		
3	Eugene, Oregon 97401 Phone: (541) 484-1216		
4	Fax: (541) 484-5326 Of Attorneys for Trustee		
5			
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7			
8	IN THE UNITED STATES BANKRUPTCY COURT		
9	FOR THE DISTRICT OF OREGON		
10	In re		
11	Case No. 04-68413-fra7		
12	Western Telephone Integrated AFFIDAVIT Communications, Inc.,		
13	Debtor.		
14	· · · · · · · · · · · · · · · · · · ·		
15	STATE OF OREGON ) )ss.		
16	County of Lane		
17	I, David B. Mills, having first been duly sworn, do depose and say that:		
18	I am the attorney for David F. Wurst, Trustee herein. This bankruptcy estate holds		
19	a large unsecured claim in the bankruptcy case of <u>In re CDS Networks</u> , <u>Inc.</u> , US		
20	Bankruptcy Court Case No. 04-68414-fra7. That company along with the debtor herein		
21	were owned by the same single shareholder, Cleve Tooker. The affairs of the two		
22	companies appear to have been significantly intertwined.		
23	Prior to the filing of the bankruptcy petitions by those companies, Earthlink, Inc.		
24	Purportedly entered into an agreement with CDS Networks, Inc. for the acquisition of		
25	////		
26	////		
27			
28	Hammons & Mills  115 W. 8th Ave., #280  AFFIDAVIT  Eugene, Oregon 97401  Phone: (541) 484-1216  Fax: (541) 484-5326		
	Page 1 of 2		

subscribers and a non-competition agreement. The Trustee has received information that the proceeds from those agreements went directly to Cleve Tooker within the one-year period prior to the filing of the bankruptcy petition.

The Trustee is investigating those transactions and whether any claims exist in favor of this debtor against Mr. Tooker. Mr. Tooker has filed a significant claim in this bankruptcy proceeding and the Trustee is investigating whether these circumstances give rise to the basis for an equitable subordination claim.

David B. Mills

SUBSCRIBED AND SWORN to before me this 26 day of June, 2006 by David B. Mills.



Tamana Wheeler
Notary Public for Oregon
My Commission Expires: 3-15-07

AFFIDAVIT

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#### **CERTIFICATE OF SERVICE**

I hereby certify that I served the Motion for Rule 2004 Examination and Affidavit on the following:

Wilson C. Muhlheim, Esq. 88 E. Broadway Eugene, Oregon 97401

Sanford R. Landress, Esq. 1515 SW Fifth Ave., Suite 600 Portland, Oregon 97201

Thomas A. Huntsberger, Esq. 870 W. Centennial Blvd. Springfield, Oregon 97477

Candace E. Amborn PO Box 580 Medford, Oregon 97501

David F. Wurst PO Box 610 Medford, Oregon 97501

by mailing to each of the above a true copy thereof, certified by me as such, contained in a sealed envelope addressed to each of the above at their last known address, and deposited in the post office at Eugene, Oregon, on this **26** day of June, 2006.

By:

DAVID B. MILLS, OSB # 77281
Of Attorneys for Trustee

Hammons & Mills

115 W. 8th Ave., #280 Eugene, Oregon 97401 Phone: (541) 484-1216 Fax: (541) 484-5326

Fax: (541) 484-5326

#### **CERTIFICATE OF SERVICE**

### **UM 1251**

I hereby certify that on the 30<sup>th</sup> day of August 2006, I served the foregoing QWEST CORPORATION'S SUPPLEMENTAL RESPONSE TESTIMONY OF RACHEL TORRENCE 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.	*Sarah Wallace	*Karen L. Clauson
Gregory Diamond	Davis Wright Tremaine	Eschelon Telecom, Inc.
7901 E. Lowry Blvd.	1300 SW Fifth Avenue	730 2 <sup>nd</sup> Avenue S
Denver, CO 80230	Suite 2300	Suite 900
	Portland,, OR 97201	Minneapolis, MN 55402-2489
*Jay Nusbaum	William A. Haas	John M. Devaney
Integra Telecom of Oregon, Inc.	McLeod USA	Perkins Coie, LLP

integra refección of Ofegon, inc.	MCLEOU USA	reikilis Cole, LLP
1201 NE Lloyd Blvd.	Telecommunications Svcs, Inc.	607 Fourteenth St., NW
Suite 500	P.O. Box 3177	Suite 800
Portland, OR 97232	6400 C. Street, SW	Washington DC 20005-2011
	Cedar Rapids, IA 52406-3177	

*Rex Knowles	*Douglas Denney	Charles Best
XO Communications Svcs., Inc	Eschelon Telecom, Inc.	Electric Lightwave, LLC.
111 E. Broadway	730 2 <sup>nd</sup> Avenue S	P.O. Box 8905
Suite 1000	Suite 900	Vancouver, WA 9868-8905

*Mark Trinchero	*Gregory J. Kopta
Davis Wright Tremaine	Davis Wright Tremaine
1300 SW 5 <sup>th</sup> Avenue	2600 Century Square
Suite 2300	1501 Fourth Avenue
Portland, OR 97201	Seattle, WA 98101-1688

Salt Lake City, UT 84111 Minneapolis, MN 55402-2489

DATED this 30<sup>th</sup> day of August, 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