BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF QWEST CORPORATION'S LAND DEVELOPMENT AGREEMENTS (LDA) TARIFF PROVISIONS	))))))))	**Docket No. 03-049-62**

FINAL PRE-FILED TESTIMONY

OF

STEPHAN G. ALLEN

FOR

CLEAR WAVE COMMUNICATIONS, L.C.,
EAST WIND ENTERPRISES, LLC,
AND
PROHILL, INC., dba
MERIDIAN COMMUNICATIONS OF UTAH

April 5, 2005

Q: Could you please state your name, business and business address?

A: My name is Stephan G. Allen. I am a Project Management Consultant engaged by Clear Wave Communications, L.C., East Wind Enterprises, LLC, and Prohill, Inc. doing business as Meridian Communications of Utah. The above-named companies are Option 2 Contractors and have engaged me to run their telephone projects. My business address is 144 W. Parrish Lane, #114, Centerville, Utah 84014.

Q: Are you the same Stephan G. Allen who testified previously?

A: Yes.

Q: Have you read the Stipulation between Qwest Corporation and the Salt Lake Home Builders Association (the "Stipulation")? Do you have any comments that you feel are important?

A: Yes. Qwest has created a stipulation that has all of the vague elements of Option 2 without any protections for the developer/home builder/home buyer.

Q: In the Stipulation, item number 3 states "As a party, the HBA [Salt Lake Home Builders Association] has received the testimony filed by the parties who have filed testimony in this docket and has met with any interested party that has requested a meeting." Is this true?

A: No. I requested a meeting with the Executive Committee through Mark Woolley, then-President of the Salt Lake HBA, to explain what this docket was about, but that meeting never took place.

Q: In the Stipulation, item number 4.a states that Qwest has created a new position (Utah New Development Manager) to facilitate placement of facilities in accordance with the timelines and procedures set forth in the revised LDA. Do you have any comments about this?

A: Yes. Qwest has gone on and on about how they should not pay for the *project management function* provided by Option 2 contractors to facilitate the placement of facilities in accordance with the timelines and procedures set by Qwest. Apparently they now acknowledge that this is a necessary function and are willing to pay for it. Does this truly raise their cost as they have previously claimed? If so, then that should enter into the cost factor for placing the project.

Q: In the Stipulation, item number 4.c states that "The HBA understands that effective May 2, 2005, Qwest will no longer have a tariff . . . ." Is that your understanding?

A: No. My understanding is that Qwest has been given pricing flexibility pertaining to residential end user customers in areas of competition. This has nothing to do with the placement of facilities in a subdivision or with the fact that Qwest remains the provider of last resort. In other words, it is misleading to characterize Senate Bill 108 as eliminating the LDA tariff. This situation would appear to be similar to a wholesale or something other than end user public telecommunications services.

Q: In the Stipulation, item number 4.c also states that the terms of the Revised LDA will now be part of Qwest's price list. What do you think that means?

A: It suggests to me that Qwest will have the ability to make changes with only a few days notice to the Commission and without going through the regulatory process. I am not sure if that is, or should be, the case as it seems that Qwest is playing with their interpretation of Senate Bill 108.

Q: In the Stipulation, item number 4.d makes reference to a Member of the HBA being able to place conduit in the trenches if Qwest does not respond in time. There is also mention of reimbursing the Member's reasonable costs of placement of the conduit. Do you have any comments?

A: Yes. Qwest has used the term reasonable costs over time to mean what they think are reasonable costs. This has led to another action (Docket 04-049-06) before the Commission. I have questions about the definition of the term "reasonable costs."

Q: In the Stipulation, item number 4.e identifies a formula to be used in determining what, if any, costs would be reimbursed to Qwest from the developers. This

formula appears at first glance to come right out of the tariff. What differences are there, if any?

A: The main difference between the current tariff and this stipulation is that the tariff relies on a study conducted by Qwest to identify their average loop investment and the stipulation appears to rely on the criteria identified in Mr. Dick Buckley's Direct testimony of October 4, 2004. In Mr. Buckley's conclusion on page 5, he states that `Using the model and inputs approved by the Commission would result in an updated cap amount of $249.52, which when multiplied by 125% would produce an amount of $311.90 as the maximum Qwest investment…'. This number has no bearing on the cost to place plant in a subdivision, as indicated by Qwest's own CPD program, but is instead a regulatory accounting process. I think that there is danger that the cost to have telephone facilities in a subdivision is going to increase to the developers without Option 2.

Q: In the Stipulation, items 4.e and 4.f both make reference to a resolution process if Qwest does not perform in an acceptable manner. Do you wish to comment about them?

A: Yes. The stipulation defines the resolution process as "Qwest Corporation will enter into good faith negotiations with the HBA . . . ." There is no mention of, or in fact hint at, going to the Commission for resolution of problems. This harkens back to the

Revised LDA being part of Qwest's price list and making any resolution a business process rather than a regulatory process.

Q: Do you wish to summarize?

A: Yes. While the Stipulation between Qwest Corporation and the Salt Lake Home Builders Association appears to be the same as the tariff in that it provides a cap on costs, a proposed time frame for the process, and an option if Qwest does not perform, it eliminates some essential protections. It eliminates business option protections and regulatory review protections. There is no option to use someone else to place facilities and there does not appear to be any regulatory recourse if Qwest does not perform. It is clear to me that Option 2 is in the public interest. The developers have been able to control some of their costs by controlling their schedule through responsive Option 2 contractors whose very existence depends on their timeliness and performance. By controlling their schedules, they give scheduling consistency to the actual home builders. That consistency allows the home builders to control their costs, which has a direct bearing on the cost to the consumer or home buyer. The home buyer has had a stable real estate market to work with enhancing their ability to buy a home. A benefit to Qwest is they receive error free plant which lowers their operating costs and greatly enhances their public image. Qwest appears to agree, by virtue of their Stipulation, that timeliness is important as well as some coordination assistance. They are not willing to acknowledge those things under a tariff where the cost to Qwest is regulated, but they are willing to without a tariff, and where they have already increased their costs by adding this new management position. If Qwest is simply trying to eliminate some Option 2 contractors who they feel they don't want to do business with, let them come up with some other way then eliminating Option 2 which benefits, not only the developers, but the economy of the area through its effect on home builders and home buyers. We have heard from several developers who have indicated that the HBA did not consult them before entering into this agreement and that this will definitely affect them.

Q: Does this conclude your testimony?

A: Yes it does.