Bruce S. Asay
Keith S. Burron
Associated Legal Group, LLC
1807 Capitol Avenue, Suite 203
Cheyenne, WY 82001
(307) 632-2888

Stephen F. Mecham
Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, UT 84133
(801) 530-7316

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE PETITION	)
OF QWEST CORPORATION FOR	)
ARBITRATION OF AN INTERCONNECTION	)
AGREEMENT WITH UNION TELEPHONE	) Docket No. 04-049-145
COMPANY UNDER § 252 OF THE FEDERAL	)
TELECOMMUNICATIONS ACT OF 1996	)

NON-CONFIDENTIAL

SURREBUTTAL TESTIMONY

OF

JASON P. HENDRICKS

FOR

UNION TELEPHONE COMPANY

November 7, 2005

Q. Please state your name and business address.

A. My name is Jason P. Hendricks, and my business address is 2270 LaMontana Way, Colorado Springs, CO 80918.

Q. Are you the same Jason P. Hendricks who previously filed Direct Testimony in this proceeding?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Qwest witness Peter Copeland. Specifically, I disagree with his analysis and recommend that the Commission reject all of Mr. Copeland's proposed changes to the asymmetric cost study I prepared on Union's behalf. My testimony is organized as follows. First, I explain why, contrary to Mr. Copeland's proposal, it would be inappropriate for the Commission to require Union to use the inputs the Commission ordered Qwest to use in its TELRIC proceedings. Second, I will explain why cell sites do incur "additional costs", and therefore, should be included in the TELRIC studies of Qwest, despite contrary statements made by Mr. Copeland. Lastly, I will respond to other miscellaneous statements made by Mr. Copeland and provide some final recommendations to the Commission.

CORRECTIONS TO UNION'S PROPOSED COST STUDY

Q. Do you have any corrections you'd like to make to Union's proposed cost study?

A. Yes. In responding to Qwest's data requests, I discovered that, in attempting to arrive at annual minutes of use (MOU), I inadvertently multiplied Union's actual weekly MOU by 12 instead of 52. In addition, in preparing for this surrebuttal testimony, I discovered two formula errors in the summary tab of Union's original proposed model. First, the formulas in Row 12 of the Summary tab used a cost of equity multiplier to calculate a return on rate base instead of using a weighted average cost of capital multiplier, as I stated I intended to do in my direct testimony. Second, the projected transport costs in the Year 1 were overstated by $1,440 as a result of a mathematical error. After correcting these three errors, Union's proposed compensation rate is now $0.034735, instead of the original proposed rate of $0.038144. The summary sheet from the revised model run is contained in Exhibit 11.1. The revised model run will be provided to the parties in the proceeding.

USE OF QWEST INPUTS IS INAPPROPRIATE FOR UNION TELRIC STUDY

Q. Mr. Copeland states that "Union has presented no evidence to justify the variations from the inputs that the Commission has adopted for forward-looking studies." What is your response to this statement?

A. I think Mr. Copeland's statement is very misleading. To my knowledge, the Commission has only reviewed and approved TELRIC studies for one company – Qwest. The Commission has never established rules, or indicated in any way, that TELRIC studies filed with the Commission should only use the unique set of inputs that the Commission required Qwest to use, as Mr. Copeland seems to imply. So, I disagree with Mr. Copeland's position that Union should be required to justify why its proposed inputs are

different from the ones the Commission required Qwest to use three years ago. Rather, Union need only justify why its inputs are consistent with the forward-looking cost requirements of the FCC rules. I adequately did so in my direct testimony.

Q. Nonetheless, are all of Union's proposed numbers for the input categories Mr. Copeland identifies very much different from the numbers the Commission required Qwest to use?

A. No. The Commission required Qwest to use 46.6% debt and 53.4% equity; Union proposes 45% debt and 55% equity. The Commission required Qwest to use 7.6% cost of debt; Union proposes 7.7% cost of debt. The Commission required Qwest to use an 11.25% cost of equity; Union proposes 11.25% cost of equity. The Commission required Qwest to use a tax rate of 38.01%; Union proposes a tax rate 35%. As one can see, Union's proposals for these categories are equal, nearly equal to, or, in the case of the tax rate, lower than what the Commission required for Qwest.

Q. Which of Union's proposed input changes are much different from the numbers the Commission approved for Union?

A. There are two inputs Union proposes that one may consider to be significantly different from what the Commission approved for Union. First, Union proposes a switch depreciation life of 10 years, whereas, the Commission approved a switch depreciation life of 17 years for Qwest. Second, Union proposes a growth rate in maintenance expenses of 3%, whereas, the Commission approved a productivity-inflation adjustment of negative 4% for Qwest. But I believe there are good reasons why the Commission

should approve Union's proposed inputs for these categories rather than simply ordering Union to use the inputs the Commission approved for Qwest.

Q. Why is an expense growth factor of 3% more appropriate for Union's study than a productivity-inflation adjustment of negative 4%?

A. The negative 4% net productivity-inflation factor required of Qwest was entirely based on Qwest-specific circumstances. Specifically, the Commission's ruling was based on: 1) the estimated savings attributed to the U.S. West and Qwest merger; and 2) "Qwest's recent labor force reductions and lower equipment prices." (Commission Decision C02-409, pages 49-50). Obviously, Union wasn't involved in the U.S. West-Qwest merger or in Qwest's labor reduction. So, those cost savings should not be imposed on Union.

As for lower equipment prices, Union's proposed TELRIC study uses equipment prices actually paid in the past couple years. Those costs could not be more current. Furthermore, Union's estimated costs for the life of the study do not include additional equipment purchase assumptions. Therefore, it would be inappropriate to apply a factor that decreases expenses based on an assumption of decreased equipment prices, when the model doesn't assume that there are any equipment purchases other than the initial investment.

Union's proposed factor to increase maintenance expenses by 3% per year is primarily based on projected increases in loaded labor costs. Those expected costs would include increases in employee salaries, insurance premiums, and transportation costs for

employees to travel between job sites where maintenance is required. When one considers how much insurance premiums and gas prices have increased in recent times, 3% is probably a very low growth factor. In addition, a company the size of Union does not experience the same kinds of productivity offsets that a company the size of Qwest may experience.

Mr. Copeland questions why maintenance expenses are assumed to be increasing when the investments aren't assumed to be increasing. But if one considers the types of costs that Unions assumes will increase, it becomes clear that investment need not be increasing for expenses to be increasing. Personal finance is a useful analogy. Health care, power, gas, and other expenses can increase even if one doesn't purchase a new house. Similarly, the costs of using employees to maintain a network can increase even if the network investments don't increase.

For all of these reasons, I recommend that the Commission reject Mr. Copeland's proposed net productivity-inflation factor of negative 4% and instead accept the 3% maintenance expense factor that Union proposes.

Q. Why is a switch depreciation life of 10 years more appropriate for Union's study than a switch depreciation life of 17 years?

A. In today's environment, where technology is advancing rapidly and technologies become obsolete more quickly, it would be financially risky for Union to assume that its GSM switch will retain its economic usefulness for 17 years. Wireless networks in particular

are changing more rapidly than landline networks. It is my understanding from discussions with Union personnel that its GSM switches will be routinely upgraded with hardware and software changes over its life as a result of quick obsolescence in the wireless industry. Accordingly, not much of the original switch functionality will remain in 10 years. Therefore, I recommend that the Commission reject Mr. Copeland's proposed 17 year switch depreciation life and instead accept Union's proposed switch depreciation life of 10 years.

Q. If the Commission were to disagree with your recommendations and instead order Union to use the same inputs that the Commission required, what would be the resulting transport and termination rates?

A. I attempted to replicate Union's proposed model to account for Mr. Copeland's proposed inputs. By simply accounting for Mr. Copeland's input proposals discussed above, and ignoring for a moment his additional proposal to remove cell site investments and expenses, I have calculated that the transport and termination rate would be $0.026484 using the inputs the Commission ordered Qwest to use.[1] I have included the summary sheet from this test run in Exhibit 11.2. When comparing the results in Exhibit 11.2 to those contained in Exhibit 11.1, one can see that Union's rate would decrease by approximately eight-tenths of a cent from our revised proposed rate.[2] Thus, the most of the decrease in costs to arrive at the transport and termination rate of $0.004826 contained

[1] This calculation also includes use of Mr. Copeland's proposed tax calculation. Mr. Copeland took issue with Union's proposed tax calculation. Union's proposed tax calculation is consistent with the methodology used by the National Exchange Carrier Association (NECA) for cost settlement purposes. But Union is not taking issue with Mr. Copeland's proposed tax calculation. It results in higher assumed taxes than what would occur under Union's proposed tax calculation.

[2] The reduction in cost is also partly attributable to the use of the 17-year depreciation life on cell sites, which in the next section I deem to be more comparable to switches than loops, in addition to the use of the 17-year switch depreciation life proposed by Mr. Copeland.

in Mr. Copeland's model "correcting" Union's proposed model can be attributed to Mr. Copeland's proposed removal of all cell site investments and expenses. As discussed in the next section, the Commission should reject Mr. Copeland's proposal to remove cell site costs because Union's cell site costs are traffic-sensitive and, therefore, appropriate to include in a TELRIC study.

INCLUSION OF CELL SITE COSTS IS APPROPRIATE FOR UNION'S STUDIES

Q. What is Mr. Copeland's position on the inclusion of cell site costs in Union's proposed TELRIC study?

A. Mr. Copeland proposes to eliminate the entire $38 million in cell site investment, plus his calculation of cell site expenses, based on his unsupported position that the cell site costs are not-traffic sensitive costs. This elimination of all but $4.9 million dollars in investment (the cost of Union's GSM switch) is, by far, the biggest reason why Union's compensation rate would decrease from $0.034735 under its revised proposal to $0.004826 under Mr. Copeland's proposal.

Q. What does Mr. Copeland use to support his assertion that cell site costs are non-traffic sensitive costs?

A. Mr. Copeland does not provide any technical documentation or analysis to support his assertions that cell site costs are non-traffic sensitive. Nor does Mr. Copeland provide any citations to an FCC ruling in which the FCC has ruled that cell site costs are non-traffic sensitive. Instead, Mr. Copeland's entire rational is based on two things. First, without any technical support, Mr. Copeland equates cell sites to loops (Mr. Copeland,

Rebuttal Testimony, page 11, lines 18-19). Then, Mr. Copeland states that inclusion of these costs violate the FCC's "additional cost" standard because the FCC has ruled for ILECs that since the "costs of local loops … do not vary in proportion to the number of calls terminated over these facilities … such non-traffic sensitive costs should not be considered 'additional costs.'" (Copeland Rebuttal - page 12, lines 2-3 and page 5, lines 4-20 citing paragraph 1057 of the FCC's First Report and Order).[3]

Q. Is the FCC's ruling on the inclusion of loop costs applicable to the cell site costs at issue in this proceeding?

A. No. The FCC's ruling was solely limited to an evaluation of what components of an ILEC's network should be included in the development of an ILEC's transport and termination rate. That ruling did not make a follow-up determination equating cell site costs to loop costs for purposes of calculating asymmetric rates, as Mr. Copeland's testimony may lead one to believe. As the FCC said about its rules in its *CMRS Compensation Order* discussed below, "the Commission did not consider, and Commission rules do not identify, the wireless network components that have traffic-sensitive costs to be included in a section 51.711 cost study." (*CMRS Compensation Order*, paragraph 7).

Q. Has the FCC been asked on a separate occasion to determine what components of a wireless carrier's network contains traffic-sensitive costs for purposes of establishing asymmetric compensation rates?

[3] Mr. Copeland and the FCC use the terms "additional costs" and "traffic-sensitive costs" synonymously. I do the same in this testimony.

A. Yes. On February 2, 2000, Sprint PCS filed a letter and legal memorandum requesting that the FCC confirm and clarify the entitlement of CMRS providers to compensation for all the additional costs of switching or delivering to mobile customers "local traffic originated on other networks." The FCC established a comment cycle for telecommunications carriers to respond to the proposals contained in Sprint's proposals. Many entities, including U.S. West filed comments and reply comments on Sprint's proposal. On April 27, 2001, in the context of seeking comment on a unified intercarrier compensation scheme, the FCC issued the Unified Intercarrier Compensation Notice of Proposed Rulemaking (NPRM), which, among other things, reviewed and sought comment on the application of its current orders and rules regarding asymmetric reciprocal compensation to LEC-CMRS interconnection. On May 9, 2001, the Wireless Telecommunications Bureau (WTB) and the Wireline Competition Bureau (WCB) of the FCC responded to the Sprint PCS Letter, relying on clarifications of the asymmetric compensation rules in the Unified Intercarrier Compensation NPRM.[4]

Q. What did the Joint Letter of the FCC's bureaus say?

A. The Joint Letter stated:

- [B]ased on the language of section 252(d)(2)(A) of the Communications Act, CMRS carriers are entitled to the opportunity to demonstrate that their termination costs exceed those of ILECs.

- [T]he 'equivalent facility' language of sections 51.701(c) and (d) of the Commission's rules does not require that wireless network components be reviewed on the basis of their relationship to wireline network components; nor does it bar a CMRS carrier from receiving compensation for the additional costs that it incurs in terminating traffic on its network if those costs exceed the ILEC's costs. Rather, the determination of compensable

[4] Citations for the items discussed in this paragraph are contained in the FCC's *CMRS Compensation Order* provided in Exhibit 12.

wireless network components should be based on whether the particular wireless network components are cost sensitive to increasing call traffic.

- [I]f a CMRS carrier can demonstrate that the costs associated with spectrum, cell sites, backhaul links, base station controllers and mobile switching centers vary, to some degree, with the level of traffic that is carried on the wireless network, a CMRS carrier can submit a cost study to justify its claim to asymmetric reciprocal compensation that includes additional traffic sensitive costs associated with those network elements.

The FCC later issued an Order denying an application for Review of the Joint Letter. (FCC 03-215, Released September 3, 2003, *CMRS Compensation Order*). In the *CMRS Compensation Order*, the FCC stated:

> We find that the Joint Letter is consistent with the interpretation of section 252(d)(2)(A) of the Communications Act that the Commission adopted in the Local Competition Order and reflected in the Commission's rules and prior orders and, accordingly, affirm the interpretation of our rules stated therein. (Order, page 1)

I have enclosed a copy of the *CMRS Compensation Order* in Exhibit 12. The summary of the contents of the Joint Letter, as well as summary of the steps that led to the issuance of the Joint Letter and the *CMRS Compensation Order*, as discussed above, are contained therein.

Q. What other important observations can you make about the FCC's *CMRS Compensation Order?*

A. I believe it is important to note that the FCC has already considered the argument espoused by Mr. Copeland that cell site costs are not "additional costs" since cell sites are equivalent to ILEC loop facilities and the FCC ruled that loop costs are not "additional costs." The FCC explicitly rejected that argument. Specifically, the FCC ruled:

> We reaffirm that the term "equivalent facility" was not intended to preclude the recovery by CMRS carriers of the "additional costs" of wireless components that might be regarded as functionally equivalent to wireline elements whose costs are non-recoverable, such as a wireline LEC's local loop. Rather, the language "switch or equivalent facility" was used to "contemplate that a carrier may employ a switching mechanism other than a traditional LEC switch to terminate calls," and more generally to ensure that the costs of non-LEC facilities would be included in transport and termination rates even if such facilities did not precisely track the network facilities architecture of a LEC. Thus, while equivalence does, in part, define what facilities are involved in the function of "termination," it is simply not relevant to determining which of those terminating facilities imposes costs that can be recovered through reciprocal compensation charges. …. SBC asserts that when the Commission concluded that LECs are not entitled to recover any loop costs through reciprocal compensation, it limited a LEC to recovering only what SBC describes as the "short-term" traffic-sensitive costs of termination, and prohibited recovery of the "long-term" traffic-sensitive costs. SBC argues that CMRS carriers must be subject to the same limitation. … In asserting that the Commission applied a different standard of recoverable costs in the Local Competition Order when it found that loop costs were not recoverable, SBC misconstrues the Commission's reasoning. The Commission did not exclude loop costs because they were "long-term" traffic-sensitive costs. Rather, the Commission concluded:
>
> > The costs of local loops and line ports associated with local switches do not vary in proportion to the number of calls terminated over these facilities. We conclude that such non-traffic sensitive costs should not be considered "additional costs" when a LEC terminates a call that originated on the network of a competing carrier.
>
> [l]oop costs were excluded from "additional costs" on the basis of a finding of non-traffic sensitivity … (*CMRS Compensation Order,* paragraphs 11-13).

Q. Can you please summarize what you believe to be the importance of the FCC's *CMRS Compensation Order?*

A. I believe the *CMRS Compensation Order* is important because the FCC has already heard and rejected the arguments made by Mr. Copeland. Specifically, the FCC has already ruled that the portions of the FCC First Report and Order cited by Mr. Copeland are not determinative of whether cell site costs are traffic-sensitive costs. Thus, it is inappropriate for Mr. Copeland to cite to a portion of an FCC ruling to support his

contention that cell site costs are not "additional costs" when the FCC has already determined that those portions of the rules do not support the arguments Mr. Copeland is making. Rather, the FCC stated that:

> we make no determination here as to whether any particular element of a CMRS network is actually traffic-sensitive. Rather, as the Joint Letter noted, a CMRS carrier that believes it is entitled to asymmetrical compensation must still submit a cost study to the appropriate State commission justifying its claim to asymmetrical compensation for additional traffic-sensitive costs associated with its network elements.

In short, Mr. Copeland cannot rely on FCC rules and orders to claim that cell site costs are not traffic sensitive. Instead, it is up to the Commission to determine if Union's costs are traffic-sensitive.

Q. For purposes of ultimately determining whether cell site costs are traffic-sensitive, please describe the role of cell sites in a wireless network.

A. A cell site provides call set-up functions, call management, and a wireless interface to all handsets within a specific geographic area or cell. It includes antennas, supporting towers where necessary, and the Base Transceiver System (BTS). All three components of the cell site are needed to maintain a wireless connection to a user's handset.

Antennas are needed to transmit wireless signals from a cell sites to a subscriber handset, and to receive wireless signals from wireless handsets in the area covered by the cell site. The antennas, and other equipment, are often placed on towers or rooftops. Towers or rooftop sites help ensure adequate signal strength between handsets across the cell and the antenna at the cell site. BTSs contain the electronics necessary to convert the signal

received from the antenna into a format suitable for transport to a Base Station Receiver (BSC), which performs traffic concentration, supervision of call hand-offs between BTSs, administration of BTS resources, and aggregation of traffic for hand-off to wireless switch. In Union's case, the signals between its BTSs and BSC are transported over a microwave backhaul link. A BTS also amplifies signals for broadcast over the air interface, communicates call set-up information with handsets, provides timing information, and manages handoffs from one sector to another sector within the same cell site.

Q. What characteristics make cell site components traffic sensitive?

A. The ability of a BTS to carry traffic is limited by the capacity of its processor unit, which is used to translate formats, control power, supervise call set-up, and manage internal handoffs. When the volume of calls increases sufficiently, the installed capacity of the BTS will be exhausted, and the number of calls being blocked or dropped will increase. The quality of service can be maintained by increasing the capacity of the BTS in one of two primary ways – the addition of radio carriers or the addition of cell sites.

When the initial calling volume is still relatively low, the electronic equipment at the cell site is initially configured to use only a portion of the available radio spectrum. In this case, capacity can be expanded by adding electronic equipment to the BTS that permits additional "radio carriers" (frequencies that were previously unused) to be brought into service. Since calling volume triggers the level of investment in BTSs, the costs of BTSs are traffic sensitive.

A second method of expanding capacity is cell splitting. When total minutes of use exceed the capacity of a cell site, relief can be obtained by adding an additional cell site at an adjacent location. This permits the new site to manage a portion of the traffic being transmitted in the geographic area, thus "splitting" the original cell. When all available spectrum s exhausted and carriers cannot be added, cell splitting may be the only means of expanding capacity. Also, it is frequently more efficient to split a single cell than to add additional radio carriers or frequencies to the network. Cell splitting provides an independent and alternative justification for the conclusion that cell site costs are traffic sensitive.

Q. The cell site costs included in Union's proposed model include building and tower costs. Is it appropriate to include those costs in a forward-looking cost model?

A. Yes. The costs of structures, like buildings and towers, required to house BTSs and antennas are akin to the costs of the land and buildings required to house ILEC switches. The FCC has determined that these costs can be recovered by ILECs as part of the unbundled local switching element, and the model adopted by the Commission to compute the forward-looking cost of unbundled network elements includes the costs of land and buildings in its estimate of the costs of local switching. By the same logic, the costs of structures at cell sites can be considered part of the costs of BTSs.

Q. Are you saying that cell sites are more equivalent to ILEC switches than they are to ILEC loops?

A. Yes. Think of it this way. Qwest has a few tandem switches and many end office switches in Utah in order for Qwest to provide service throughout Utah. Qwest has similar switching networks in Colorado, Wyoming, and Idaho. But Union has one GSM switch in Wyoming to serve customers located in Colorado, Wyoming, Utah, and Idaho. If one were to add up the total switch investment that Qwest has to serve a similar geographic area to that served by Union in all four states, one would arrive at a number very much larger than the $4.9 million GSM switch cost limit the Mr. Copeland proposes that the Commission allow for Union.[5] The reason why Mr. Copeland's limitation is not appropriate is because that Union's GSM switch does not perform all of the call processing necessary to serve all four states just like Qwest's one tandem switch could not perform all the call processing necessary for Qwest to serve customers is all four states. Qwest relies on the call processing functionality of end offices and Union relies on the call processing functionality of BTSs. And since Qwest is allowed to recover its end office switching and related costs in its transport and termination rate, Union should be allowed to recover its BTS and related costs in its transport and termination rate.[6]

Q. Mr. Copeland uses a response that Union made to a Qwest data request to support his contention that cell site costs are not traffic-sensitive. (Copeland Direct, p. 12). What is your response to Mr. Copeland's argument?

[5] Mr. Copeland actually discusses reducing this number in his testimony but doesn't actually do so in his proposed revisions to Unions' cost studies.

[6] An alternative way of thinking about the equivalency of wireless network with a landline network was put forward by Sprint PCS in its letter to the FCC in which it stated that the wireless network is a single service that provides both transport and termination rather than two separate services as in the ILEC network. Regardless of the analogy, Union is still allowed to recover its cell site costs under the FCC rules because they are traffic-sensitive costs associated with the transport and/or termination of local calls.

A. This is another example of the types of misleading statements Mr. Copeland makes throughout his testimony. Mr. Copeland's statement in his testimony was "[t]he fact that cell site investment is non-traffic sensitive is further reinforced by Union's response to Data Request 2-031 regarding whether growth in MOUs causes additional cell site investment." But here is the data request and response:

> **QWEST 2-031:**
>
> In his testimony, Mr. Hendricks says the MOUs are adjusted to reflect additional cell sites projected to be added through 2006 and a 3% growth in usage per customer. Explain how Union has accounted for growth in the number of customers per cell site. Explain whether the GSM switch costs (i.e., investment, maintenance, power) change if the number of customers per cell site increased by 25%. If so, state why and by how much.
>
> **Response:** The MOU growth factor includes an assumption of MOU growth both from current customers and new customers. There is no assumed change in investment, power, and maintenance as a result of customer growth.

As can be seen, Qwest's question was in regard to switch costs (i.e., investment), not cell site investment. So, in responding that there is no change in investment, the answer was in relation to the question about switch investment. To be clear, the model assumes that switches and cell sites are sized to serve all current MOU and expected MOU. The model does not assume that switches and cell sites will be added at some future point to serve customer growth because the needed investment is assumed up-front. This methodology is consistent with how switch investment is to be handled under the FCC's TELRIC rules (the network is assumed to be built all at once) and my understanding of how Qwest models switching costs in its TELRIC studies. Further, the power and maintenance costs associated with the appropriately-sized network reflect assumptions on expected increases in power costs and inflationary assumptions on loaded labor costs,

respectively. Again, the type of methodology used for these costs assumptions is consistent with TELRIC requirements. Accordingly, the Commission should not allow Mr. Copeland's misleading statements to dissuade it from ruling that cell site costs are traffic-sensitive.

RESPONSES TO ADDITIONAL COMMENTS OF MR. COPELAND

Q. Mr. Copeland comments on Union's responses to data requests not being sufficient to prove that the model inputs are appropriate. (Copeland Direct, pages 13-14). What is your response to Mr. Copeland's statement?

A. Mr. Copeland also stated that additional responses were provided shortly before his testimony was filed (Copeland Direct, p.3). Other responses were provided later, as well. With all of the data we have provided in testimony and in data request responses, Union has adequately proven that its model inputs and assumptions are appropriate.

Q. Mr. Copeland comments that the switch investment tab has circuit investment and general purpose computer account codes next to the switch investment numbers. What is your response to Mr. Copeland's comments?

A. The account codes were in fact incorrect accounts to which the switch investment was booked. However, the switch investment numbers used in the model include only actual switch investment, as detailed in Union's response to Qwest data request 14.

Q. Does that complete your surrebuttal testimony in this docket?

A. Yes, it does.