BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Complaint of McLeodUSA Telecommunications Services, Inc., against Qwest Corporation for Enforcement of Commission-Approved Interconnection Agreement	))))))	Docket No. 06-2249-01

SURREBUTTAL TESTIMONY

OF

MICHAEL STARKEY

On behalf of

McLeodUSA Telecommunications Services, Inc.

May 19, 2006

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Michael Starkey. My business address is QSI Consulting, Inc., 243 Dardenne Farms Drive, Cottleville, Missouri 63304.

Q. ARE YOU THE SAME MICHAEL STARKEY WHO PROVIDED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. I will respond to the Rebuttal Testimony filed on behalf of the Qwest Corporation (hereafter "Qwest") by Mr. William R. Easton and Mr. Robert J. Hubbard.

II. RESPONSE TO MR. EASTON

Q. MR. EASTON RAISES A NUMBER OF ISSUES RELATED TO YOUR DIRECT TESTIMONY, CAN YOU SUMMARIZE THE POINTS YOU INTEND TO ADDRESS?

A. Yes, they are summarized below:

1. Despite Mr. Easton's assertions to the contrary, McLeodUSA is very aware of the fact that this case focuses on specific contract language and the proper interpretation of that language (specifically the *Power Measuring Amendment*). However, the parties obviously disagree as to the proper interpretation of the language and hence, additional information necessary to discern the most reasonable interpretation is relevant and informative. Given that Qwest's own engineering documentation, its cost study supporting its rates and the real-world manner in which it provisions collocation power belie Qwest's interpretation of the *Power Measuring Amendment*, it is no wonder Mr. Easton would suggest an unreasonably narrow review.

2. Mr. Easton's assertions regarding the information McLeodUSA should have had available to it prior to signing the *Amendment* miss the mark. The fact of the matter is that the *Power Measuring Amendment* drafted by Qwest and signed by McLeodUSA does not contain the same language as the *Wholesale Products and Services* portion of Qwest's website that resulted from the industry meetings to which Mr. Easton repeatedly refers.[1] All of the Change Management Process ("CMP") meetings Mr. Easton discusses were intended to perfect the language in Qwest's wholesale catalog. However, the actual *Power Measuring Amendment* that was ultimately provided to McLeodUSA and executed by the parties includes language which is specifically different from that found in the catalog. In fact, the language to which Mr. Easton refers when discussing Allegiance Telecom has been specifically removed from the *Amendment*. Most notably, the Amendment discusses the Power Usage charge generally, and even defines it to include Qwest's power plant capacity (and the actual AC usage purchased from the utility). As such, regardless of what the wholesale catalog says, or what Qwest provided to CLECs in relation to drafting the catalog information, the Amendment is very different and must be interpreted consistent with its own language.

3. Mr. Easton claims that my direct testimony constitutes an attack on the "Power Plant rate itself."[2] He is mistaken. My testimony makes no mention as to whether the Power Plant rate adopted by the Commission is reasonable or not, nor does it discuss the rate level in any detail. Instead, my testimony points out that the manner by which the rate is established also dictates the manner by which it must be assessed if it is to recover the intended level of DC power plant investment. In other words, my testimony discusses only the application of the Power Plant rate, which is exactly at the heart of the debate regarding the *Power Measuring Amendment*. In this circumstance, Qwest's Power Plant rate is developed using the amount of power plant capacity actually consumed by Qwest and its collocators, not based upon the size of power feeder cables ordered by McLeodUSA (or any other collocator). Accordingly, applying the Power Plant rate based upon the size of McLeodUSA's power feeder cables (consistent with Qwest's reading of the Amendment) results in Qwest enjoying a windfall at its collocators' expense. It likewise results in CLECs paying far more for DC power plant than Qwest does, even though both rely upon the exact same DC power plant to electrify their respective telecommunications equipment.

[1] The information from Qwest's website is provided by Mr. Easton as Exhibit WRE_1.

[2] Rebuttal Testimony of William Easton, on behalf of Qwest Corp., filed May 12, 2006 ("Easton Rebuttal"), pgs. 20-21.

Q. PLEASE DESCRIBE FURTHER MR. EASTON'S POINT REGARDING THE CONTRACT LANGUAGE AND HIS BELIEF THAT IT SUPPORTS QWEST'S POSITION IN THIS PROCEEDING.

A. At page 7 of his direct testimony, Mr. Easton focuses on the fact that paragraphs 2.2 and 2.2.1 of the *Power Measurement Amendment* reference a *-48 Volt DC Power Usage Charge* (singular) when describing the application of its power measuring activities. Therein, Mr. Easton places substantial weight on the fact that the *Amendment* uses the singular "Charge" rather than the plural "Charges" when describing *-48 Volt DC Power Usage.* Mr. Easton suggests that if the intention of the *Amendment* was to apply to both the *Usage* (8.1.4.2.2) and the *Power Plant* (8.1.4.1.1.2) charges, it would have been used in the plural. Based upon this distinction, Mr. Easton concludes that the *Amendment* "clearly" implies measured usage for one element only, i.e., the *Power Usage* element (8.1.4.2.2) and not the corresponding *Power Plant* element (8.1.4.1.1.2).

Q. DO YOU AGREE?

A. No, I do not. I would describe Mr. Easton's analysis above as somewhat tortured. More importantly, however, I would point out that Mr. Easton ignores the fact that Section 2.1 *of the Amendment* (a section he does not discuss) actually defines the term "*DC Power Usage Charge*," meaning that analyzing the plurality or singularity of various terms simply is not necessary. In fact, the *Amendment* defines the very "*DC Power Usage Charge*" (singular) upon which Mr. Easton places substantial weight, as being directly tied to the power plant capacity used by the CLEC:

> The DC Power Usage Charge is for capacity of the power plant available for CLEC's use.

Hence, while Mr. Easton's erroneous interpretation relies upon the relatively obscure notion that the singularity of the term "*DC Power Usage Charge*" dictates its application (even though it is clearly meant to refer to a group of individual rate elements included at Section 8.1.4 of Exhibit A), the plain language of the *Amendment* defies this interpretation. The actual definition rendered to the "*DC Power Usage Charge*" within the *Amendment* itself would have to be ignored in order to conclude that the *Amendment* impacts only rate element 8.1.4.2.2 (*Usage*) and not 8.1.4.1.1.2 (*Power Plant*).

Q. MR. EASTON ALSO ARGUES THAT MCLEODUSA'S INTERPRETATION WOULD REQUIRE THE COMMISSION TO INTERPRET A HEADING WITHIN THE AMENDMENT AND THAT THE PARTIES' INTERCONNECTION AGREEMENT SPECIFICALLY REJECTS THE NOTION THAT HEADINGS SHOULD HAVE ANY BEARING ON PROPER INTERPRETATION. DO YOU AGREE?

A. No, not at all. The "heading" to which Mr. Easton refers is actually the rate category at Section 8.1.4 of Exhibit A; the pricing amendment to the parties' interconnection agreement. As described above, Section 8.1.4 of the pricing amendment is entitled "*-48 Volt DC Power Usage*" and includes two rate elements, both *Power Usage* (8.1.4.2.2) and *Power Plant (8.1.4.1.1.2)*. This term "*-48 Volt DC Power Usage*" is the exact term referred to by the *Amendment* for which measured usage should apply (see Section 2.1 of the *Amendment*).

That being said, contrary to Mr. Easton's claim, McLeodUSA is not asking the Commission to denote any special interpretive merit to Exhibit A, Section 8.1.4. Instead, McLeodUSA is simply pointing out that the *Amendment* signed between the parties identifies *-48 Volt DC Power Usage* as "specified in Exhibit A of the Agreement" as the operative rates to be impacted by the *Amendment* (*see* Sections 2.1, 2.2 and 2.2.1). The fact that this same exact rate category exists in Exhibit A verbatim, and the fact that this rate category subsumes both the *Power Usage* and the *Power Plant* charges consistent with the definition in Section 2.1 of the Amendment, is worth noting. At a minimum, it must be admitted that a reasonable person reviewing the *Amendment* with those facts in mind, would logically conclude that the Amendment provides for measured usage on both of the charges identified under the heading *48 Volt DC Power Usage*.

Q. AT PAGE 8 OF HIS REBUTTAL, MR. EASTON SUGGESTS THAT BECAUSE THERE IS NO RATE ASSOCIATED WITH SECTION 8.1.4 OF EXHIBIT A (ENTITLED *-48 VOLT DC POWER USAGE*), "…IT IS NOT A SEPARATE RATE ELEMENT, AND AS SUCH SHOULD NOT BE READ TO HAVE ANY EFFECT ON THE LANGUAGE OF THE AMENDMENT." THIS APPEARS TO BE AN EXTENSION OF HIS ARGUMENT THAT 8.1.4 IS A "HEADING" AND IS OF NO SIGNIFICANCE. DO YOU AGREE?

A. No. While I agree it is not a separate rate element, it certainly does have significance. Section 8.1.4 entitled -48 Volt DC Power Usage is a group of rate elements that includes four separate rates as follows (the table below is a direct extraction from Exhibit A):

8.1.4	48 Volt DC Power Usage				
	8.1.4.1	-48 Volt DC Power Usage, per Ampere, per Month			
		8.1.4.1.1	Power Plant		
			8.1.4.1.1.1	Power Plant - Less Than 60 Amps	$11.7795
			8.1.4.1.1.2	Power Plant - Equal to or Greater Than 60 Amps	$7.7927
	8.1.4.2	Power Usage			
		8.1.4.2.1	Power Usage - 60 Amps or Less, per Amp		$1.95
		8.1.4.2.2	Power Usage - More than 60 Amps, per Amp		$3.89

It is of utmost significance because it is the only place in Exhibit A wherein the term *-48 Volt DC Power Usage* can be found. At page 6 of his Rebuttal Testimony Mr. Easton states as follows:

> Indeed, the term "DC Power Usage Charge" appears five times in the DC Power Measuring Amendment. Because only one rate element has been explicitly identified in the Amendment, it would be inconsistent with the language of the Amendment to conclude that it applies to more than one element, especially a rate element that is never specifically mentioned in the Amendment.

Unfortunately, Mr. Easton's testimony is only partially accurate in two respects. First, while the *Amendment* does mention "DC Power Usage Charge" five times as Mr. Easton describes, it also uses the term "-48 Volt DC Power Usage Charge" on five separate occasions as well. And, as described above, the only place within Exhibit A wherein the term "-48 Volt DC Power Usage" can be found is at Section 8.1.4 which includes four separate rate elements, two of which deal with Qwest's DC power plant. Secondly, I would point out that contrary to Mr. Easton's testimony, the term "DC Power Usage Charge" to which he affixes much import is not evident anywhere in Section 8.1.4 of Exhibit A. In other words, Mr. Easton's testimony attempts to convince the Commission that because the term "DC Power Usage" is used five times when describing which elements will be measured, it must conclude that only that rate element should be measured. Yet, there is no such rate element described by that name in the pricing appendix Exhibit A. Instead, Exhibit A contains the "Power Plant" (8.1.4.1.1) and

"Power Usage" (8.1.4.2) rate elements, both of which fall under the broader rate category of 48 Volt DC Power Usage (8.1.4).

Finally, I would also point out that the *Amendment* speaks often of an "AC Usage Charge," which is meant to reflect "…the power used by the CLEC." Yet, nowhere in the pricing appendix to the parties' Interconnection Agreement (Exhibit A) do we find a rate element identified as "AC Usage Charge." Hence, Mr. Easton's general claim that the fact that the *Amendment* mentions the "DC Power Usage Charge" five times somehow adds credence to Qwest's interpretation of the *Amendment* is notably misplaced for numerous reasons.

Q. MR. EASTON SPENDS A GOOD DEAL OF HIS REBUTTAL TESTIMONY DESCRIBING INFORMATION THAT MAY HAVE BEEN AVAILABLE TO MCLEODUSA PRIOR TO SIGNING THE AMENDMENT – INFORMATION THAT QWEST BELIEVES SHOULD HAVE CLEARED UP ANY DIFFERENCE OF OPINION AS IT RELATES TO THE APPLICATION OF THE AMENDMENT. PLEASE COMMENT.

A. Mr. Easton provided Exhibit WRE_1, which is an excerpt from Qwest's website that he suggests was available to McLeodUSA prior to signing the *Power Measuring Amendment*. Exhibit WRE_1, according to Mr. Easton, Qwest makes clear that it intended to assess Power Usage charges on an "as measured" basis, and Power Plant charges on an "as ordered" basis. While I might disagree that the website information is as clear on this point as Mr. Easton would lead us to believe, the entire issue is really

irrelevant. The language in the product catalog is specifically different than the language in the *Power Measuring Amendment*. And, because the parties signed and executed the *Power Measuring Amendment*, it is that language which must be reviewed to understand the intention of the parties. Again, the *Power Measuring Amendment* defines the "DC Power Usage Charge" to which measured usage will apply, as "…the power plant available for the CLEC's use." [paragraph 2.1, emphasis added]. On the other hand, the website information to which Mr. Easton refers discusses a "-48 Volt DC Power Capacity Charge" which is never mentioned in the *Power Measuring Amendment* nor can it be found in Exhibit A (the pricing appendix to the parties' Interconnection Agreement). Simply put, even if McLeodUSA had viewed the website information prior to signing the Amendment, it would likely have had little bearing on their interpretation of the Amendment which includes very different language.

Q. MR. EASTON POINTS THE COMMISSION TO A QUESTION AND ANSWER EXCHANGE BETWEEN QWEST AND ALLEGIANCE TELECOM WHEREIN QWEST NOTES THAT POWER PLANT CHARGES WILL NOT BE ASSESSED RELATIVE TO THE MEASURED LEVEL OF POWER (EXHIBIT WRE_2). SHOULDN'T THIS HAVE CLEARED UP ANY DIFFERENCE OF OPINION BETWEEN THE PARTIES?

A. No. First, it is my understanding that this information was not reviewed by McLeodUSA's legal or internal cost-control teams who discussed the *Amendment* internally prior to signing it, nor has McLeodUSA (or Qwest for that matter) been able to identify anyone at McLeodUSA who saw this information prior to execution of the

Amendment. One possible reason for this is that this information appears to have been provided to CLECs generally in October of 2003, approximately one year before McLeodUSA signed its *Power Measuring Amendment*. Nonetheless, the "Note" at the bottom of Page 1 of the document states as follows:

> Note: In cases of conflict between the changes implemented through this notification and any CLEC interconnection agreement (whether based on the Qwest SGAT or not), the rates, terms and conditions of such interconnection agreement shall prevail as between Qwest and the CLEC party.

Therefore, according to Mr. Easton's own exhibit, it is irrelevant because McLeodUSA has in place with Qwest through the *Power Measuring Amendment* that would supersede any terms, conditions and rates derived through the information in Mr. Easton's exhibit.

Q. CONSISTENT WITH YOUR EXPERIENCE IN PARTICIPATING IN CMP PROCESSES OR SIMILAR INDUSTRY MEETINGS, ARE THESE PROCESSES "FLUID" SUCH THAT FREQUENT CHANGES OCCUR RELATIVE TO THE TERMS AND CONDITIONS ASSOCIATED WITH THE INITIATIVES OR POTENTIAL OFFERINGS DISCUSSED THEREIN?

A. Yes, indeed, that is the entire concept behind the Change Management Process. It is not at all unlikely that information provided a year before a contract amendment is signed might provide information that was ultimately changed by Qwest in effectuating the final product. Indeed, another clear example can be found in Mr. Easton's own Exhibit WRE_2. At pages 1 and 2 of Exhibit WRE_2, Allegiance Telecom's first question asks whether it will be required to amend its interconnection agreement in order to have its power measured. Qwest responds that a contract amendment will not be necessary, but

instead, the measuring process will begin automatically. Yet, Qwest ultimately decided that a *Power Measuring Amendment* would be necessary (see Exhibit WRE_1 at page 2 of 7). It is that *Power Measurement Amendment*, a document that wasn't even considered necessary in the October 2003 response to Allegiance Telecom's questions, which McLeodUSA signed and serves as the focus of this complaint.

Q. DOES YOUR TESTIMONY CONSTITUTE AN ATTACK ON THE COMMISSION'S COLLOCATION POWER RATES?

A. No, my testimony in no way critiques the existing collocation power rates, nor have I recommended that those rates be changed in any way. Instead, my testimony simply points out that Qwest's interpretation of its *Power Measuring Amendment* conflicts with the manner by which the Commission set those rate and as such, Qwest errs when it assesses its Power Plant rates on an "as ordered" as opposed to an "as consumed" basis.

Q. MR. EASTON, AT PAGE 20 OF HIS REBUTTAL TESTIMONY, STATES THAT YOUR DIRECT TESTIMONY WAS NOT ONLY UNSUPPORTED WHEN YOU CLAIM THAT QWEST'S RATE DEVELOPMENT CONFLICTS WITH ITS POSITION, BUT THAT YOU ARE ATTACKING THE RATE ITSELF, NOT ITS APPLICATION. IS HE RIGHT?

A. He is mistaken on both accounts. First, at the time I wrote my direct testimony I did not have access to Qwest's cost study supporting its collocation power rates. I could, therefore, not provide detailed support for my concerns related to Qwest's application of its Power Plant rate using Utah-specific data. That deficiency has since been rectified,

and I can now speak with specificity in this testimony as to Qwest's error (and do so below).

Secondly, nowhere in my direct testimony did I question the rate level associated with Qwest's Power Plant rate (or any other rates). Hence, Mr. Easton has simply constructed a strawman when he complains that "…McLeodUSA paid the Power Plant rate at ordered levels for years before ever entering [sic] the DC Power Measuring Amendment." That fact is not disputed, nor is it relevant. What is relevant is that the *Power Measuring Amendment* was specifically intended to revise the manner by which McLeodUSA would pay Qwest for collocation power based upon McLeodUSA's actual power usage. And, given that the parties disagree as to which rate elements should be impacted by the *Amendment*, it is a logical exercise to discern which rate elements can (or should) be assessed in that manner consistent with their underlying construction.

Q. SINCE FILING YOUR DIRECT TESTMIONY, HAVE YOU BEEN ABLE TO REVIEW THE UTAH-SPECIFIC COST STUDY WHICH SUPPORTS QWEST'S COLLOCATION POWER RATES?

A. Yes, I have.

Q. DOES IT SUPPORT YOUR EARLIER TESTIMONY?

A. Yes, it does. A review of the underlying nature by which Qwest's Power Plant rates were originally calculated leaves no doubt that the proper manner by which they should be assessed is on a measure of consumed power, not based upon a level of amperage

ordered via the power feeds connecting McLeodUSA's collocation cage to the central office DC power plant (i.e., on an "as ordered" basis). The cost study makes clear that as Qwest's central office power users (including Qwest) consume more electricity, Qwest's power plant costs increase proportionally. Likewise, as power consumption needs decrease, Qwest's DC power plant related costs decrease as well. In short, Qwest's power plant costs are directly incremental to power consumption/usage (and as such, must be recovered in the same fashion).

Q. EXPLAIN IN MORE DETAIL WHERE AND HOW THIS IS SHOWN IN QWEST'S COST STUDY.

A. Qwest initiates the development of its Power Plant charge (rate element 8.1.4.1.1.2) at tab *E.1.4 Power Equipment* within its cost study. Therein, Qwest's cost model aggregates the equipment necessary to construct a hypothetical DC power plant capable of delivering approximately 1,200 amps of power.[3] After having identified the equipment and necessary installation activities, the model calculates the total investment required to construct the entire DC power plant – i.e., $448,264. In order to develop a "per amp" cost, Qwest's model divides its total estimated investment by the amount of power (i.e., 1,000 amps) made available for use by the equipment (i.e., 448,264/1,000) or $448.26 per amp. It is this initial per-amp investment figure that translates to the $11.78 per month Power Plant rate after having been subjected to various cost factors elsewhere

[3] While Qwest in its cost study indicates that it is developing DC power plant necessary to accommodate a hypothetical 1,000 amps of power, in actuality, it appears this is based upon an anticipated load of 1,000 amps upon a DC power plant with actual capacity of 1,200 amps. For example, see Tab: *E.1.4 Power Equipment*, cell A20 wherein Qwest assumes the use of six (6) – 200 amp rectifiers. Likewise, see Qwest responses to McLeodUSA data request 032 from the Iowa

within the model (i.e., annual charge factors, land & building factors, etc.). Thus, based on Qwest's cost study, the development of the rate permits Qwest to recover the $448,229 over the life of the investment as the power is used in the CO. As Mr. Morrison explains in his testimony, that is why engineers size the DC power plant based on the amount of power being used. If they oversize the power plant, they will have excess capacity and not recover the investment through the rate developed by the cost study.

Q. HOW DO THESE CALCULATIONS SUPPORT MCLEODUSA'S POSITION IN THIS CASE?

A. Recall that McLeodUSA takes the position in this case that the *Power Measurement Amendment* was meant to better align the rates it pays for collocation power, including the DC Power Plant rate element, with the costs Qwest incurs in providing power. McLeodUSA believes the *Power Measurement Amendment* was meant to accomplish that by requiring Qwest to charge both the Power Usage and Power Plant rate elements based upon the total amount of power McLeodUSA actually consumes. Hence, McLeodUSA's position is based upon an assumption that Qwest incurs costs (including DC power plant costs) relative to McLeodUSA's power usage, not some other factor (e.g., the size of McLeodUSA's order for its power distribution cables). Qwest's own cost study clearly confirms that point. Qwest's power plant costs are directly proportional to the amount of electrical power consumed by itself and its collocators. As the overall demand for power in the central office increases, so must the size of Qwest's

proceeding wherein it discusses an 83% loading assumption used within the model (i.e., 1,000/1,200).

DC power plant. Likewise, to the extent the office requires less power, a smaller power plant can be used and costs will decrease proportionally.

Q. IN A SIMILAR PROCEEDING IN IOWA, QWEST CLAIMED THAT ASSESSING ITS POWER PLANT RATES ON A CONSUMPTION BASIS WOULD RESULT IN IT EXPERIENCING STRANDED COSTS. DOES ITS COST STUDY SUPPORT THIS ARGUMENT?

A. No. Qwest's cost study proves that its claims have no basis in fact. Qwest will fully recover the cost of its DC power plant investment over the life of the investment with charges based on usage of that power plant. Further, application of the Power Plant rate based on the size of the distribution feeds ordered by McLeodUSA will result in Qwest over-recovering its power plant investments and McLeodUSA paying for more than its "fair share" of the DC power plant costs (or the amount the Power Plant rate was designed to recover).

Q. IF QWEST HAS BEEN BILLING MCLEODUSA AND OTHER COLLOCATORS BASED ON THE AMOUNT OF POWER ORIGINALLY ORDERED FOR THEIR POWER CABLES, WHAT DOES QWEST'S COST STUDY SHOW IN TERMS OF WHETHER QWEST HAS BEEN RECOVERING MORE THAN A FAIR SHARE OF DC POWER PLANT CHARGES FROM COLLOCATORS?

A. By assessing Power Plant rate based upon a CLEC's order for its power distribution cables, rather than on its consumption, Qwest (as indicated by its own cost study), substantially over-recovers DC power plant costs from the CLEC, and likewise, Qwest

bears a much smaller obligation related to recovering the DC power plant investment required to support its own equipment.

Q. PLEASE EXPLAIN FURTHER.

A. A simple example makes the problem clear. Below, I've compiled two separate scenarios. Scenario A represents the manner by which McLeodUSA believes the Power Plant rate must be assessed as well as the manner by which Qwest's cost study develops the rates. Scenario B represents Qwest's position in this case:

Table 1 - DISTRIBUTION OF POWER PLANT COSTS

Scenario A - Usage Based Billing (McLeodUSA Position)

	Amps	Rate per Amp	Total Charge	%
Qwest "Bill"	800	$7.79	$6,232.00	80.00%
CLEC Bill	200	$7.79	$1,558.00	20.00%
Total Load	1000	Total Recovery	$7,790.00	100%
		$ per Consumed Amperage		$7.79

Scenario B - CLECs Pay Based on Feeder Cable Size - (Qwest Position)

	Amps	Rate per Amp	Total Charge	%
Qwest "Bill"	800	$7.79	$6,232.00	40.48%
CLEC Bill	1176	$7.79	$9,164.71	59.52%
Total Load	1000	Total Recovery	$15,396.71	100%
		$ per Consumed Amperage		$15.40

In both Scenarios A and B, Qwest uses 800 Amps of the available 1,000 Amps generated by the DC power plant and CLECs, in aggregate, use the remaining 200 Amps (a

percentage that appears to be fairly aggressive from the CLEC perspective – i.e., they generally use less than 20%). However, in Scenario B, rather than Qwest charging CLECs for the 200 Amps they consume, Qwest charges CLECs relative to the size of their power feeder cables (what Qwest refers to as the CLEC power "order"), in this case 1,176 Amps. In the scenario above, the 1,176 Amps attributed to McLeodUSA as its "power order" is calculated by dividing its consumption (200 Amps) by approximately 17% (McLeodUSA's average power consumption in Utah, divided by its cable feeder capacity). As such, McLeodUSA's consumption of 200 Amps translates into an order of roughly 1,176 Amps. Hence, in Scenario B, rather than paying for the 20% of the load they actually use, CLECs are forced to pay for approximately 60% of the load. Likewise, Qwest is required to pay for only about 40% of the load, even though it uses 80%. Note also that under Scenario B, Qwest recovers approximately twice the revenue necessary to recover its DC power plant investment required to generate the 1,000 Amps at the $7.79 rate established by the cost study. The tables below help to illustrate this point:

TABLE 2 – OVER RECOVERY

Scenario A - Usage Based Billing (McLeodUSA Position)

Qwest Usage	800 Amps	Power Plant	Investment	Qwest Cost	Power Plant
CLEC **USAGE**	200 Amps	Investment	per Amp	Factors (sum)	Rate
Chargeable Amps	1000 Amps	$448,264.00	$448.26	0.0174	$7.79

Scenario B - CLECs Pay Based on Orders - (Qwest Position)

Qwest Usage	800 Amps				
Qwest **ORDER**	4706 Amps	Power Plant	Investment	Qwest Cost	Power Plant
CLEC **ORDER**	1176 Amps	Investment	per Amp	Factors (sum)	Rate
Chargeable Amps	5882 Amps	$448,264.00	$76.20	0.0174	$1.32

	Rate per Amp		Cost Factors (Sum)		Total "Ordered" Amperage		Total Power Plant Investment
Total power plant investment recovered by Qwest if it assesses its Power Plant rate on an "as ordered" as opposed to an "as consumed" basis:	$7.79	/	0.0174	x	5882	=	$2,636,847.06

As described earlier, Scenario A above depicts the development of Qwest's Power Plant rate, i.e., Qwest's cost study develops its $7.79 rate based upon the inherent assumption that the power plant sized within the study, will generate 1,000 "chargeable amps" (i.e., Amps that it can either use or sell to its collocators) at a total investment equal to $448,264.00. The model then divides its total DC power plant investment by the number of chargeable amps it can use/sell, to arrive at a per Amp rate equal to $7.79. The overarching assumption is that by selling (or using) all 1,000 Amps, at $7.79 per Amp, Qwest will recover its underlying DC power plant investment (recall that the DC power plant actually produces 1,200 Amps – see footnote 2 above – so Qwest must actually only use or sell about 83% of the DC power plant's actual production to recover its total investment). This 83% is the "fill factor" for the DC power plant.

Scenario B, once again, represents Qwest's position in this case, with one twist. In Scenario B, we actually assume that Qwest must provision and sell its power capacity on a non-discriminatory basis, such that Qwest is charged relative to its "power order" as well (i.e., Qwest's consumption is assumed to be about 17% of its original "order" as well, just as a CLEC would have been billed). The results are telling. Assuming a non-discriminatory application of Qwest's "power order" interpretation, we see that Qwest should, if it intends to recover just its DC power plant investment allowed by its cost study, assess a rate equal to only $1.32 per Amp (not the $7.79 calculated by the study). In other words, by applying its $7.79 power plant rate to the level of ordered power, rather than consumed power, Qwest actually will recover approximately $2,636,847.06 in power plant investment, rather than the $448,264.00 allowed by its cost study (an over-recovery of approximately 6 fold).

Q. IN YOUR DISCUSSION ABOVE, YOU REFERENCE AN 83% "FILL FACTOR" ASSOCIATED WITH QWEST'S POWER PLANT EQUIPMENT. WHAT IS THE SIGNIFICANCE OF THAT VALUE?

A. Qwest's cost study "constructs" a DC power plant capable of producing a minimum of 1,200 Amps and estimates its total DC power plant investment based upon that equipment (resulting in an investment relative to producing 1,200 Amps). Yet, when it determines the "per Amp" investment associated with this equipment, it divides its total investment by only 1,000 Amps, or 83% (1,000/1,200) of the total capacity. In cost study terms, we generally refer to this type of calculation as a "fill factor," meant to take into consideration that the equipment at issue will not always be completely full. Fill

factors ensure that all users of the equipment pay a proportionate share of the equipment's "spare" capacity as well as the direct capacity they consume.

Q. IS THIS CALCULATION REASONABLE FROM YOUR PERSPECTIVE?

A. McLeodUSA is not challenging the rate, so I am not discussing this specific fill factor in terms of reasonableness. However, such a calculation is the usual manner by which to allocate spare capacity to individual users of the equipment (both Qwest and CLECs).

Q. WHY THEN DO YOU MENTION IT HERE?

A. Because it is directly relevant to Mr. Easton's "stranded capacity" argument raised at page 19 of his rebuttal testimony. In a recent Iowa complaint very similar to this proceeding, Qwest attempted to argue that even if I was correct, and Qwest's cost study did derive its Power Plant rates based upon "consumed" power, Qwest still would not recover its allowed DC power plant investment. This argument was made in response to Mr. Morrison's testimony wherein Mr. Morrison proves that Qwest engineers its DC power plant capacity consistent with a List 1 drain associated with the entire central office (and does not size based on List 2 drain or "ordered capacity" for CLECs when sizing its DC power plant). The fact that Qwest includes in its cost study an explicit recognition that its equipment will not always be used at full capacity (i.e., its engineered capacity), but instead, will maintain some level of spare capacity, negates Qwest's concerns related to Mr. Morrison's testimony in this regard. In other words, Qwest's cost study is completely consistent with its engineering documents that instruct its engineers to size DC power plant equipment relative to a List 1 drain. And, Qwest's cost

study ensures that if its DC power plant facilities are sized in that matter, even though the actual "consumed" usage is likely to exist at a capacity below the List 1 drain (or engineered capacity), Qwest will recover its entire DC power plant investment. This is just one more example wherein Qwest's engineering documents and its cost study are consistent in supporting the application of Power Plant rate on an "as consumed" basis.

Q. BEGINNING AT PAGE 21 OF HIS REBUTTAL TESTIMONY, MR. EASTON IS CRITICAL OF YOUR DIRECT TESTIMONY WHEREIN YOU SUGGEST QWEST'S POWER REDUCTION AMENDMENT IS NOT A GOOD ALTERNATIVE TO THE POWER MEASURING AMENDMENT WHEN INTERPRETED IN THE PROPER FASHION. PLEASE RESPOND.

A. Mr. Easton's description of the *Power Measuring Amendment* in relation to the Power Reduction Amendment makes little sense. In essence, Mr. Easton argues that the *Power Measurement Amendment* is meant to allow McLeodUSA to reduce its power usage charges, while maintaining its initial level of power plant capacity available for its use. On the other hand, the Power Reduction Amendment, according to Mr. Easton, allows McLeodUSA to scale back its original "order" by reducing the size of its power distribution cables (i.e., feeder cables) and the size of the fuses that govern the maximum power available to its equipment (in essence, reducing the amount of power it could draw from the power plant). According to Mr. Easton, both Amendments are good options for the CLEC, depending upon the CLEC's objective (i.e., maintaining power plant capacity available for its use or relinquishing it).

Q. WHY DOES THIS MAKE LITTLE SENSE?

A. Mr. Easton's description in this part of his testimony is completely contradictory to Mr. Hubbard's rebuttal testimony at page 10. Therein Mr. Hubbard echoes testimony he provided from the witness stand in Iowa wherein he discussed CLEC collocation orders in the 1999 to 2000 timeframe. Mr. Hubbard testified that when multiple CLECs were ordering collocation power in 1999 and 2000 (roughly the timeframe wherein the majority of McLeodUSA collocations in Utah were established), Qwest had little knowledge about CLEC equipment and it was receiving orders for large feeder cables (indicating to Qwest, apparently, the need for substantial power plant capacity). As such, according to Mr. Hubbard, Qwest was forced to engineer its power plant facilities such that they could support the entire feeder capacity ordered by the CLECs (what Qwest interpreted to be the CLEC's List 2 drain). Because Qwest was required to size its power plant investment relative to those orders, Mr. Hubbard believes Qwest would fail to recover those investments in additional power capacity if McLeodUSA's interpretation of the *Power Measuring Amendment* was adopted given that McLeodUSA would now only be billed based upon its consumption, not on the capacity Qwest made available for its use.

Q. PLEASE DESCRIBE THE INCONSISTENCY.

A. Mr. Easton in describing the Power Reduction Amendment at page 18 of his testimony describes its fundamental purpose as follows: "With the Power Reduction offering, a CLEC can reduce the amount of power capacity it has available." Likewise, consistent with the terms of the Power Reduction offering, the CLEC after reducing the size of its

cables and its fuses, will be charged less associated with its power plant capacity (i.e., it will be assessed the Power Plant charge based on the new, smaller amperage associated with its reduced power delivery system – feeder cables and fuses). It is this offering that is inconsistent with Mr. Hubbard's testimony.

Q. HOW IS IT INCONSISTENT WITH MR. HUBBARD'S TESTIMONY?

A. If indeed Mr. Hubbard is right, and Qwest is concerned that reduced Power Plant recovery relative to McLeodUSA's interpretation of the *Power Measuring Amendment* in this docket would leave Qwest without the proper opportunity to recover power plant investments made in the 1999-2000 timeframe relative to CLEC power demands, then he should have the exact same concern relative to Qwest's own Power Reduction offering as described by Mr. Easton. In other words, McLeodUSA and other CLECs could, through the Power Reduction offering, accomplish a similar reduction in their Power Plant charges, it is just that the Power Reduction Offering would also require them to spend a large sum of money to inefficiently resize cables and fuses they have already paid to establish. Nonetheless, Qwest's recovery for DC power plant investment would be impacted in the same fashion (i.e., it would be substantially reduced). As such, Mr. Hubbard's concern relative to under-recovery due to previous engineering decisions made by Qwest is not specific to McLeodUSA's interpretation of the Power Measuring Amendment, but is equally applicable to any of Qwest's reduction amendments that it holds out in this case as an alternative McLeodUSA could choose. Of course, as Mr. Morrison explains and the facts show, Mr. Hubbard's claims regarding Qwest building additional DC power plant in response to CLEC orders for feeder distribution cables are

undermined by Qwest's own engineering technical publications and the history of actual power plant augmentation.

Q. IF MCLEODUSA COULD ACCOMPLISH SIMILAR REDUCTIONS IN ITS POWER PLANT CHARGES BY CHOOSING THE POWER REDUCTION AMENDMENT, WHY NOT JUST SIGN THAT AMENDMENT?

A. There are two primary problems with Qwest's Power Reduction offering in this regard. First, as described in detail by Mr. Morrison, power feeder cables and fuses should be sized to a carrier's List 2 drain for safety purposes. As such, the sizing of those "delivery" assets has no direct correlation to the amount of power plant capacity the carrier will require. Therefore, Qwest's Power Reduction offering which allows the CLEC to reduce its Power Plant charges to a level consistent with a reduced feeder cable and fuse size is still insufficient because it fails to recognize that even this reduced sizing for cables and fuses will relate to substantially more power plant charges than the CLEC should reasonably bear. Under this offering the CLEC will still pay for a substantially exaggerated number of Amps related to its actual power plant usage.

Second, the Power Reduction offering would require McLeodUSA to resize cables and fuses for which it has already paid Qwest substantial fees to put in place. And, there is no engineering or compelling economic reason to alter those delivery facilities simply to achieve an economic result (i.e., reduced charges for Power Plant and Power Usage) that is more efficiently (and equitably) achieved through a more reasoned application of

Qwest's Power Plant and Power Usage rate elements (a result achieved by a proper reading of the *Power Measuring Amendment*).

Q. PLEASE ELABORATE ON YOUR POINT THAT MCLEODUSA HAS ALREADY PAID QWEST "SUBSTANTIAL FEES" ASSOCIATED WITH ITS POWER FEEDER CABLES AND THE PLACEMENT OF ITS FUSES.

A. When McLeodUSA originally established its physical collocation arrangements within Qwest's Utah central offices, it was assessed non-recurring charges associated with its DC power feeds and likewise pays a monthly fee associated with those feeds. For example, in a situation wherein McLeodUSA ordered a 300 Amp power feed, it paid to Qwest a non-recurring charge equal to $63,629.74 and pays monthly a rate equal to $117.93. Those charges, according to Qwest's cost study, fully compensate Qwest for the feeder cables themselves, and the engineering and provisioning labor that went into placing those cables. The $63,629.74 NRC related to these cables was a substantial investment on McLeodUSA's part and McLeodUSA is reluctant to re-engineer those facilities just so it can pay lower Power Plant charges, especially when Qwest's application of Power Plant charges in direct relation to the size of its feeder cables has been misplaced since the beginning. It is for this reason that the *Power Measuring Amendment* appeared to be a substantial improvement in Qwest's overall collocation power offering. Using McLeodUSA's interpretation, the *Power Measuring Amendment* finally recognized that the sizing of McLeodUSA's power feeder cables has no correlation to the amount of DC power plant it will use, and as such, it broke the correlation between "ordered" power and consumed power that Qwest had previously

created in a fashion more consistent with the manner by which the facilities are engineered.

Q. AT PAGE 23 OF HIS REBUTTAL TESTIMONY, MR EASTON DISCUSSES THE TESTIMONY OF QWEST'S CLEC AFFILIATE QCC (QWEST COMMUNICATIONS CORPORATION) FILED IN ILLINOIS. THEREIN HE PROVIDES SEVERAL REASONS THAT PURPORTEDLY DISTINGUISH THIS CASE FROM THE CASE IN ILLINOIS. ARE THE REASONS HE PROVIDES CONVINCING?

A. No. At the bottom line, Qwest's CLEC affiliate in Illinois is attempting to protect the current process whereby SBC/AT&T-Illinois (the ILEC) is required to assess charges for all DC power components (including power plant) on a measured basis. In doing so, it is clear that Qwest's CLEC affiliate understands the importance of an economically rationale collocation power rate structure, despite the fact that its ILEC affiliate in this case is attempting to maintain a non-measured structure for at least its power plant component. Nonetheless, I address each of Mr. Easton's individual points below:

> First, Mr. Easton claims that SBC/AT&T Illinois' proposal "is really a re-fusing proposal, not a power reduction offer."[4] Though this is a distinction without a difference, Mr. Easton's labeling is not overly accurate. Qwest's Power Reduction offering involves re-fusing, just like in Illinois. Take for example, Qwest's description of the Power Reduction Charge at Section 3.2.2 of the Qwest-proposed DC Power Reduction Amendment Attachment 1 (DC Power Reduction Procedure). This defines the Power Reduction Charge as including "costs associated with reducing the fuse/breaker size." Further, both the Illinois and Utah proposals involve *reducing* the size of fuse/breaker – a fuse/breaker that is already installed, paid for, and serving CLEC equipment. And, as Mr. Morrison explained at pages 60 – 61 of his direct testimony, QCC's witness Ms. Hunnicutt-Bishara expressed operational concerns related to reducing fuse/breaker sizes similar to the concerns Mr. Morrison described in his direct

[4] Easton Rebuttal, page 23, line 12.

testimony.[5] For the same reason, Mr. Easton's criticism at page 24, lines 5 – 7 is misplaced, as Ms. Hunnicutt-Bishara's stated concerns relate to "low fusing amperage" and associated overload potential, generally, not specifically to a 200% fusing limitation, as Mr. Easton implies.

Second, Mr. Easton states that SBC/AT&T Illinois' re-fusing proposal is mandatory, unlike Qwest's Power Reduction offering which is a voluntary offering.[6] Again, this issue is really irrelevant. In Illinois Qwest's affiliate, QCC, is expressing concerns regarding the outcome of the Illinois proposal, and the correct comparison would be the outcome of the Utah offering. Obviously, the CLEC would not be re-fusing and lowering the amperage of its power distribution facilities if it were not purchasing Qwest's Power Reduction Offering. Though Mr. Easton is correct that Qwest's Power Reduction is not mandatory, Qwest is holding that offering out as the proper (and only) manner by which CLECs can reduce their power plant costs which are wildly out of line with the power they actually consume (and the costs Qwest incurs to provide the power). This is especially egregious when McLeodUSA has already signed the Power Measuring Agreement that provides a different, and more rationale outcome.

Third, Mr. Easton states that "the SBC Illinois proposal would require frequent mandatory re-fusing as usage levels change."[7] However, I fail to see how this departs from Qwest Utah's Power Reduction Offering given that Mr. Easton's own testimony shows that the outcome of the Power Reduction and Power Restoration offerings would be for CLECs to frequently change (both increase and decrease) the size of its power distribution facilities as usage levels change. For the same reason, Mr. Easton's criticism at page 24, lines 2 – 5 is misplaced.

Fourth, Mr. Easton's claim that Ms. Hunnicutt-Bishara's legal concern is grounded solely in Illinois-specific rules[8] is wrong. She testified that such an outcome would likely not be in compliance with National Fire Protection Association (NFPA) 70-2005, Article 215.3. (Morrison Direct, page 60, lines 1368 – 1375). Obviously, it would be as important for Qwest to adhere to fire protection standards in Utah as it would be for SBC/AT&T in Illinois.

Fifth, and perhaps most importantly, Mr. Easton's point with regard to the Illinois rate structure being a combined rate structure (and hence wildly different from Qwest's rate structure) is misplaced[9]

[5] Morrison Direct, pages 57 – 59.

[6] Easton Rebuttal, page 23, lines 13 – 14.

[7] Easton Rebuttal, page 23, lines 15 – 16.

[8] Easton Rebuttal, page 23, line 22 – page 24, line 2.

[9] Easton Rebuttal, page 23, lines 16 – 19.

Q. WHY ARE MR. EASTON'S CONCERNS ABOUT THE COMBINED NATURE OF ILLINOIS' RATE STRUCTURE MISPLACED?

A. Though Mr. Easton largely makes this point in passing, it is an important point for the Commission to understand. Mr. Easton appears to argue that because the rates for collocation power in Illinois are combined (i.e., electrical usage and power plant elements are recovered in a single rate), QCC's comments in Illinois aren't overly applicable here. Though Mr. Easton is right about the first part (i.e., those components are combined in the Illinois structure), that fact is specifically relevant here. In Illinois, SBC/AT&T-Illinois is required to assess the combined rate (both usage and power plant) on a measured basis, and that is exactly the structure QCC is attempting to protect via its testimony in Illinois, even though its ILEC affiliate in this case is attempting to argue that such a structure which assesses Power Plant charges on a measured basis is not valid.

III. RESPONSE TO MR. HUBBARD

Q. AT PAGE 10 OF HIS REBUTTAL TESTIMONY MR. HUBBARD CONTENDS THAT QWEST CANNOT EFFECTIVELY ENGINEER ITS POWER PLANT TO ACCOMMODATE A LIST 1 DRAIN FOR CLECS (LIKE IT DOES ITS OWN EQUIPMENT) BECAUSE QWEST DOESN'T HAVE THE REQUISITE INFORMATION. DO YOU AGREE?

A. No. While Mr. Morrison will address the majority of Mr. Hubbard's testimony in this regard in his surrebuttal testimony, I would like to address one specific issue: Qwest's own collocation application belies Mr. Hubbard's testimony. McLeodUSA's position is

that Qwest should engineer DC power plant for CLECs in exactly the same fashion it engineers DC power plant for its own equipment. That is, Qwest should review the telecommunications equipment that will be powered by the power plant in the central office, evaluate the List 1 Drain associated with that equipment and ensure that DC power plant capacity is available to meet that List 1 Drain of the central office. Mr. Hubbard's testimony attempts to indicate that Qwest cannot undertake such a non-discriminatory approach because it doesn't know enough about the CLEC collocated equipment. Yet, the collocation application Qwest requires CLECs to populate when ordering collocation space contradicts his position.

Q. HOW DOES THE COLLOCATION APPLICATION CONTRADICT MR. HUBBARD'S TESTIMONY?

A. I have attached Exhibit MS-2 to my testimony, which is a copy of Qwest's collocation application as taken from Qwest's website.[10] Therein, Qwest requires the CLEC to provide substantial information not only about the types and quantity of equipment it will place in its collocation (Section II.F) – by manufacturer and model number – but also the forecasted circuits the equipment is expected to support (Section III.B). Likewise, McLeodUSA is expected to (and does) inform Qwest when its forecasted circuit counts change (either upward or downward). The following diagram is excerpted directly from Qwest's collocation application as an example of the information CLECs are required to provide:

[10] http://www.qwest.com/wholesale/downloads/2006/060306/DNLD_New_Change_Augment_Application_V20.xls

B. CIRCUIT/ICDF COLLOCATION LEG QUANTITY (enter desired quantities)

			UNEs (See Note 6)	Common Area Splitter (See Note 4)	In-Site Splitter (See Note 5)	Common Area Splitter Collocation (Converted DS0 UNEs - Notes 4 & 6)	In-Site Splitter Collocation (Converted DS0 UNEs - Notes 5 & 6)	Finished Services - Leased Private Lines	Administrative Facilities (See Note 14)	ICDF Collocation (See Note 7)	Total Requested Circuits	Total Required Circuit Legs/Fiber Strands	Minimum Increments
1.	Existing/Available Inventory	POTS									0	0	1
		POTS (Splitter)									0	0	100
		DS0									0	0	Note 3
		DS1									0	0	1
		DS3									0	0	1
		Fiber (See Note 10)									0	0	6
2.	New/Augment/ Reduction	POTS									0	0	1
		POTS (Splitter)									0	0	100
		DS0									0	0	Note 3
		DS1									0	0	1
		DS3									0	0	1
		Fiber (See Note 10)									0	0	6
3.	Net Circuit and Leg Counts	POTS							0		0	0	
		POTS (Splitter)		0	0						0	0	
		DS0	0							0	0	0	
		DS1	0					0		0	0	0	
		DS3	0					0		0	0	0	
		Fiber	0							0	0	0	

Q. DOES MCLEODUSA HAVE AN INDEPENDENT INCENTIVE TO ENSURE THAT ITS FORECASTED CIRCUIT COUNTS PROVIDED ABOVE ARE ACCURATE?

A. Yes, because this information is used not only to provide Qwest a forecasted load related to McLeodUSA's equipment, it also serves as the means by which Qwest provides cross-connect facilities to McLeodUSA's equipment. In other words, if McLeodUSA fails to properly forecast its anticipated DS0, DS1 and DS3 needs in the table above, it will not have the cross-connects available between its own facilities and the Qwest network needed to activate the required circuits (and it wouldn't be able to service its customers).

Q. AT PAGE 11 OF HIS REBUTTAL, MR. HUBBARD RESPONDS TO MR. MORRISON'S DIRECT TESTIMONY RELATING TO COMMENTS MR. HUBBARD MADE IN IOWA. DO YOU HAVE ANYTHING TO ADD IN RESPONSE TO MR. HUBBARD'S REBUTTAL?

A. Yes, I do. Mr. Hubbard states as follows at page 11 of his rebuttal testimony:

> What I meant by that statement is that the larger the [CLEC power] order, the closer or more likely Qwest would be to augment its power plant. However, the more important point here is that any CLEC order for power entitles Qwest to charge its Commission-approved TELRIC rates. My understanding of these rates is that they do not necessarily relate to Qwest's real world experience, and that Qwest is not required to demonstrate that it actually constructed any power plant in response to an order for it to be entitled to charge those rates.

Unfortunately, Mr. Hubbard, in describing his understanding of Qwest's collocation power rates, is only partially accurate. Most disturbing is his erroneous contention that Qwest's collocation rates "do not necessarily relate to Qwest's real world experience" in engineering central office power plant. While TELRIC often has been maligned by incumbent carriers as being overly hypothetical and theoretical, the fact of the matter is that a proper TELRIC study should rely upon the engineering guidelines of the company in question, the study simply assumes that the Company is acting in an efficient manner when employing those guidelines (as a company in a more competitive market would be required to do). And, indeed, that is the case with Qwest's collocation power charges at issue in this proceeding.

Q. ARE YOU SAYING THAT QWEST'S COST STUDY ASSUMES THAT QWEST SIZES POWER PLANT THE SAME WAY IT DOES IN THE "REAL WORLD" – i.e., BASED ON POWER CONSUMPTION?

A. Yes. Qwest's cost study supporting its Power Plant rate assumes batteries, rectifies and other DC power plant equipment are sized precisely as Qwest would engineer those facilities in the real world. Further, as explained above, the cost study assumes that the DC power plant will be engineered with spare capacity above its peak usage requirement, and assumes that the entire DC power plant is available equally both to Qwest and collocators – i.e., it is a completely "shared-use" facility - just as Qwest does in the real world. Indeed, it is important to note that both the Commission (in approving Qwest's Collocation cost model), and Qwest (in presenting its cost model to the Commission) stressed the importance of the model's ability to mimic real world engineering and situations specific to Utah. For example, in its December 4, 2001 *Erratum Report and Order* in Docket No. 00-049-106 approving the Qwest collocation model with modifications, the Commission stated as follows (pages 3-4):

> Development of an appropriate methodology by which the Commission will set collocation prices requires the use of a model which will identify costs incurred in providing services and equipment needed for collocation. Development of such a model should incorporate consideration of Utah public telecommunications policies, notably promotion of competition and development of an advanced telecommunications infrastructure with nondiscriminatory prices, terms and conditions of interconnection. Utah Code Ann. '54-8b-1.1. To the extent practical, inputs or data used in the effort should be those that would be incurred in providing collocation in Utah.

Likewise, Qwest's supporting documentation for its cost study states as follows:

> [Qwest's] CM [Collocation Model] is based on proper economic costing principles and TELRIC concepts. The two most important costing principles are cost causality (i.e. the accurate attribution of costs to the factors that cause those costs to be incurred) and realism (i.e. realistic assumptions on network engineering design and field conditions).[11]

Given this background, Mr. Hubbard's attempt to distance Qwest's real-world engineering guidelines and practices (described by Mr. Morrison) from the development of its collocation rates should be rejected.

Q. ISN'T MR. HUBBARD SIMPLY ARGUING THAT QWEST DOESN'T NECESSARILY HAVE TO INVEST IN ADDITINOAL POWER PLANT EQUIPMENT RELATIVE TO A PARTICULAR CLEC'S COLLOCATION ORDER BEFORE IT CAN LEGITIMATELY ASSESS ITS COLLOCATION POWER RATES?

A. Perhaps, and if so, he is correct. TELRIC studies generally, and Qwest's study in this case, recover costs related to investments made to provide services (or elements) generally. In this example, Qwest's Collocation Model assumes that regardless of who uses the available capacity of the power plant (whether newly installed or not), that party will bear its proportional cost of the power plant it consumes (assuming it pays the resultant rates relative to the amount of power it consumes – not as Qwest currently assesses those charges based upon orders). As such, Mr. Hubbard is right (even though his point contradicts Qwest's position in this case), i.e., individual CLEC orders are ignored by the cost study because they have no economic bearing on the manner by which Qwest incurs power plant costs, and as such, assessing power plant rates based upon the size of those orders is an inconsistent application of the resultant rate.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

[11] Collocation Model (CM) Users Manual, Version 1, July 200 (Market Services and Economic Analysis Organization), page 5.

A. Yes, it does.