

BEFORE THE WASHINGTON AND UTILITIES TRANSPORTATION COMMISSION

**IN THE MATTER OF THE CONTINUED)
COSTING AND PRICING OF UNBUNDLED)
NETWORK ELEMENTS, TRANSPORT,)
TERMINATIONS AND RESALE)**

Docket No. UT-003013

Part D

DIRECT TESTIMONY

OF

ROBERT F. KENNEDY

QWEST CORPORATION

NOVEMBER 7, 2001

1 equipment for up to 1 year, circuit switched equipment for up to 3 years, or power plants
2 for up to 5 years.

3 **Q. WHAT RATE ELEMENTS ARE BEING INTRODUCED FOR COLLOCATION**
4 **SPACE OPTION?**

5 A. Two rates are being introduced. The first is a recurring rate known as Space Option Fee.
6 The Space Option Fee is based on the amount of space being optioned on per-month and
7 per-square foot basis. The Space Option Fee is a charge that was agreed to in the 271
8 workshops. As such, there is no cost study that supports that charge. The second charge is a
9 nonrecurring charge known as Space Option Administration Fee. The Space Option
10 Administration Fee is intended to recover the cost of processing the application, feasibility,
11 common space engineering, records management, and administration of the right of first
12 refusal process.

13 **V. UNBUNDLED NETWORK ELEMENTS ("UNES")**

14 **A. UNBUNDLED LOOPS**

15 **Q. WHAT NONRECURRING INSTALLATION CHARGES ASSOCIATED WITH**
16 **UNBUNDLED LOOPS ARE ADDRESSED IN YOUR TESTIMONY?**

17 A. Qwest is addressing two new nonrecurring loop installation charges for loops. The first
18 charge applies only to DS0 loops and is known as Coordinated Installation without

1 **Q. PLEASE SUMMARIZE THE UDF CHARGES THAT QWEST IS INTRODUCING**
2 **IN THIS COST PROCEEDING.**

3 A. Qwest is introducing charges for Single Strand Increments for all unbundled dark fiber rate
4 elements filed on a per-pair basis in Part B of this docket (i.e. fiber loop, transport, cross
5 connect and termination). Qwest is also introducing nonrecurring charges for field
6 verification-engineering and dark fiber splice.

7 **Q. PLEASE DESCRIBE FIELD VERIFICATION - ENGINEERING.**

8 A. Field Verification – Engineering is a step in the Field Verification/Quote Preparation
9 (FV/QP) process that identifies additional engineering record searches for splice locations
10 and splicing availability. This rate is charged upfront but deducted from the FV/QP when a
11 single splice is available and the CLEC requests Qwest to move forward with the process.

12 **Q. PLEASE DESCRIBE DARK FIBER SPLICE.**

13 A. Qwest will accommodate a CLEC's request for access to a Qwest fiber UNE-loop or
14 subloop. In doing so, Qwest will provide a fiber stub from an accessible splice point when
15 unspliced fiber (non-ribbon) is available. If space permits, the CLEC may use this fiber
16 stub for making its fiber splice. A nonrecurring charge applies for Dark Fiber Splice.

17 **J. MISCELLANEOUS NONRECURRING CHARGES**

18 **Q. GENERALLY DESCRIBE THE NATURE OF THE ACTIVITIES FOR WHICH**
19 **MISCELLANEOUS NONRECURRING CHARGES WOULD APPLY.**

1 A. Miscellaneous nonrecurring charges are intended to cover additional engineering, labor and
2 testing when incurred by Qwest. Miscellaneous charges may be assessed when at the
3 direction of a CLEC, work activity is requested that is not part of the nonrecurring charges
4 normally associated with a product.

5 **Q. PLEASE PROVIDE A LIST OF THE MISCELLANEOUS NONRECURRING**
6 **CHARGES?**

- 7 A. Additional Engineering - Basic (per 1/2 Hour)
8 Additional Engineering - Overtime (per 1/2 Hour)
9 Additional Labor Installation -Overtime (per 1/2 Hour)
10 Additional Labor Installation - Premium (per 1/2 Hour)
11 Additional Labor Other - Basic (per 1/2 Hour)
12 Additional Labor Other - Overtime (per 1/2 Hour)
13 Additional Labor Other - Premium (per 1/2 Hour)
14 Testing and Maintenance - Basic (per 1/2 Hour)
15 Testing and Maintenance - Overtime (per 1/2 Hour)
16 Testing and Maintenance - Premium (per 1/2 Hour)
17 Maintenance of Service - Basic (per 1/2 Hour)
18 Maintenance of Service - Overtime (per 1/2 Hour)
19 Maintenance of Service - Premium (per 1/2 Hour)
20 Additional Coop Acceptance Test - Basic (per 1/2 Hour)
21 Additional Coop Acceptance Test - Overtime (per 1/2 Hour)
22 Additional Coop Acceptance Test - Premium (per 1/2 Hour)

- 1 Nonscheduled Coop Test - Basic (per 1/2 Hour)
- 2 Nonscheduled Coop Test - Overtime (per 1/2 Hour)
- 3 Nonscheduled Coop Test - Premium (per 1/2 Hour)
- 4 Nonscheduled Manual Test - Basic (per 1/2 Hour)
- 5 Nonscheduled Manual Test - Overtime (per 1/2 Hour)
- 6 Nonscheduled Manual Test - Premium (per 1/2 Hour)
- 7 Cooperative Scheduled Test - LOSS (per Month)
- 8 Coop Scheduled Test-C - Message Noise (per Month)
- 9 Coop Scheduled Test-Balance (per Month)
- 10 Coop Scheduled Test - Gain Slope (per Month)
- 11 Coop Scheduled Test-C - Notched Noise (per Month)
- 12 Manual Scheduled Test - Loss
- 13 Manual Scheduled Test-C - Message Noise (per Month)
- 14 Manual Scheduled Test-Balance (per Month)
- 15 Manual Scheduled Test-Gain Slope (per Month)
- 16 Manual Scheduled Test-C - Notched Noise (per Month)

17 **Q. UNDER WHAT CIRCUMSTANCES WOULD QWEST CHARGE THE**
18 **OVERTIME AND PREMIUM CHARGES DESCRIBED ABOVE?**

19 A. Generally, overtime charges will apply when the CLEC requests that work be performed by
20 Qwest technicians before 8:00 a.m., after 5:00 p.m., or on a Saturday. Generally, premium
21 charges will apply when the CLEC requests that work be performed by Qwest technicians
22 on a Sunday or Holidays. The application of Overtime and Premium charges may vary
23 somewhat depending upon the terms of the particular interconnection agreement. Premium

1 charges also apply to the 50th or greater hour worked by a technician in a given work
2 week.

3 **Q. DOES QWEST PROPOSE OTHER MISCELLANEOUS ELEMENTS IN**
4 **ADDITION TO THOSE ADDRESSED IN THIS PROCEEDING?**

5 A. Yes. Qwest proposes to introduce an additional dispatch charge, date change and design
6 change elements in this cost proceeding

7 **Q. PLEASE DESCRIBE WHEN A NONRECURRING CHARGE WOULD APPLY**
8 **FOR ADDITIONAL DISPATCH.**

9 A. A nonrecurring charge would apply when, at the request of the CLEC, a Qwest technician
10 is dispatched an additional time to a CLEC designated location.

11 **Q. PLEASE DESCRIBE WHEN A NONRECURRING CHARGE WOULD APPLY**
12 **FOR A DATE CHANGE.**

13 A. A date change nonrecurring charge would apply when the CLEC changes a previously
14 established due date for service. Such a change necessitates the issuance of a new service
15 order.

16 **Q. PLEASE DESCRIBE WHEN AN INDIVIDUAL NONRECURRING CHARGE**
17 **WOULD APPLY FOR DESIGN CHANGE.**

18 A. A nonrecurring charge would apply when a design change occurs that requires an
19 engineer's review. Such design changes may include a change of end user premises, the

1 addition or deletion of optional features or functions, or a change in the type of transport
2 termination.

3 **Q. PLEASE DESCRIBE WHEN A MISCELLANEOUS NONRECURRING CHARGE**
4 **WOULD APPLY FOR TROUBLE ISOLATION.**

5 A. Qwest will bill appropriate Maintenance of Service charges as set forth in Exhibit TKM-28
6 for dispatched work done by Qwest where the trouble is found to be on the end user's side
7 of the NID or the trouble is found to be in the CLEC's portion of the network.

8 Miscellaneous charges may also be assessed when the CLEC authorizes Qwest to repair the
9 trouble on the CLEC's behalf. Qwest will charge the CLEC the appropriate Additional
10 Labor Charges from this list of miscellaneous charges in addition to the Maintenance of
11 Service charge.

12 **Q. HOW DOES QWEST PROPOSE TO CHARGE FOR EXPEDITES AND**
13 **CANCELLATIONS?**

14 A. Qwest proposes to develop charges for expedite and cancellations on an ICB. The ICB
15 pricing process will be based upon the critical dates, with terms and conditions consistent
16 with the Washington Access Tariff, Section 5.2.3, and the applicable nonrecurring charges
17 referenced in the CLEC's agreement.

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

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AT&T Corp. Legal - Denver

MAR 15 2001

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**IN THE MATTER OF INVESTIGATION INTO
Qwest CORPORATION'S COMPLIANCE
WITH CERTAIN WHOLESale PRICING
REQUIREMENTS FOR UNBUNDLED
NETWORK ELEMENTS AND RESALE
DISCOUNTS**

)
)
) **DOCKET NO. T-00000A-00-0194**
) **Phase II**
)
)
)

DIRECT TESTIMONY OF

ROBERT F. KENNEDY

QWEST CORPORATION

March 15, 2001

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Q. PLEASE DESCRIBE THE CHARGE THAT APPLIES WHEN A CLEC USES CLEC-TO-CLEC CROSS-CONNECTIONS TO CONNECT WITH ANOTHER CLEC'S COLLOCATION.

A. A one-time CLEC-to-CLEC Cross-Connection charge is the only rate that applies when a CLECs' uses Connecting Facility Assignments (CFA) residing on an Interconnection Distribution Frame (ICDF). Both CLECs must terminate at the same service rate level (i.e. DS1, DS3). Termination cables must be in place to the ICDFs. The CLEC may obtain the termination cables through the standard collocation ordering process.

VII. UNBUNDLED NETWORK ELEMENTS (UNES)

A. INTERCONNECTION TIE PAIRS (ITP)

Q. WHAT IS AN INTERCONNECTION TIE PAIR (ITP)?

A. An interconnection tie pair (ITP) is a connection between UNES and a demarcation point at an ICDF.

Q. WHAT RATE ELEMENTS ARE BEING PRESENTED FOR THE ITP?

A. Recurring charges apply for DSO, DS1, and DS3 connections.

1 **Q. WHICH E-UDF RECURRING CHARGES DOES QWEST PROPOSE?**

2 A. Qwest proposes the following recurring charges for E-UDF:

3 (1) Termination at Wire Center, per pair

4 (2) Termination at Premises, per pair

5 (3) E-UDF-Loop Fiber, per pair

6 (4) Fiber Cross-Connect, per pair

7 **Q. WHICH E-UDF NONRECURRING CHARGES DOES QWEST PROPOSE?**

8 A. Qwest propose the following E-UDF nonrecurring charges:

9 (1) Order Charge, per pair, per route, per order

10

11 (2) Each Additional, per pair, same route

12

13 (3) Fiber Cross-Connect, per pair

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J. MISCELLANEOUS NONRECURRING CHARGES

17 **Q. PLEASE GENERALLY DESCRIBE THE NATURE OF THE ACTIVITIES FOR**
18 **WHICH MISCELLANEOUS NONRECURRING CHARGES WOULD APPLY.**

19 A. Miscellaneous Nonrecurring Charges are intended to cover additional engineering,
20 labor and testing when incurred by Qwest. Miscellaneous charges may be
21 assessed when at the direction of a CLEC a work activity is requested that is not
22 part of the nonrecurring charges normally associated with a product. A CLEC may

1 also be charged a miscellaneous non recurring charge when a CLEC reports a
2 trouble condition and through testing Qwest discovers the trouble in the network
3 which the CLEC is responsible for.

4 **Q. PLEASE PROVIDE A LIST OF THE MISCELLANEOUS NONRECURRING**
5 **CHARGES?**

- 6 A. Additional Engineering - Basic (Per 1/2 Hour)
7 Additional Engineering - Overtime (Per 1/2 Hour)
8 Additional Labor Installation-Overtime (Per 1/2 Hour)
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14 Testing and Maintenance Overtime (Per 1/2 Hour)
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20 Additional Coop Acceptance Test-Overtime (Per1/2 Hour)
21 Additional Coop Acceptance Test-Premium (Per1/2 Hour)
22 Nonscheduled Coop Test-Basic (Per 1/2 Hour)

- 1 Nonscheduled Coop Test-Overtime (Per 1/2 Hour)
- 2 Nonscheduled Coop Test-Premium (Per 1/2 Hour)
- 3 Nonscheduled Manual Test-Basic (Per 1/2 Hour)
- 4 Nonscheduled Manual Test-Overtime (Per 1/2 Hour)
- 5 Nonscheduled Manual Test-Premium (Per 1/2 Hour)
- 6 Cooperative Scheduled Test-LOSS (Per Month)
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- 8 Coop Scheduled Test-Balance (Per Month)
- 9 Coop Scheduled Test-Gain Slope (Per Month)
- 10 Coop Scheduled Test-C Notched Noise (Per Month)
- 11 Manual Scheduled Test – Loss
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- 15 Manual Scheduled Test-C Notched Noise (Per Month)

16

17 **Q. DOES QWEST PROPOSE OTHER MISCELLANEOUS ELEMENTS IN**
18 **ADDITION TO THOSE ADDRESSED IN THIS PROCEEDING?**

19 **A.** Yes. Qwest proposes to introduce Additional Dispatch Charge, Date Change and
20 Design Change elements in this cost proceeding.

21 **Q. PLEASE DESCRIBE WHEN A NONRECURRING CHARGE WOULD APPLY**
22 **FOR ADDITIONAL DISPATCH.**

1 A. A nonrecurring charge would apply when, at the request of the CLEC, a Qwest
2 technician is dispatched an additional time to a CLEC designated location.

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4 **FOR DATE CHANGE.**

5 A. A Date Change nonrecurring charge would apply when the CLEC changes a
6 previously established due date for service. Such a change necessitates the
7 issuance of a new service order.

8 **Q. PLEASE DESCRIBE WHEN AN INDIVIDUAL NONRECURRING CHARGE**
9 **WOULD APPLY FOR DESIGN CHANGE.**

10 A. A nonrecurring charge would apply when a design change occurs that requires an
11 engineer's review. Such design changes may include a change of end user
12 premises, the addition or deletion of optional features or functions, or a change in
13 the type of transport termination.

14 **Q. HOW DOES QWEST PROPOSE TO CHARGE FOR EXPEDITES AND**
15 **CANCELLATIONS?**

16 A. Qwest proposes to charge for Expedites and Cancellations on an ICB basis.

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUN 12 2002

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

DOCKETED BY 

IN THE MATTER OF THE WESTIGATION
INTO QWEST CORPORATION'S COMPLIANCE
WITH CERTAIN WHOLESALE PRICING
REQUIREMENTS FOR UNBUNDLED
NETWORK ELEMENTS AND RESALE
DISCOUNTS.

DOCKET NO. T-00000A-00-0194


DECISION NO. 64922

PHASE II
OPINION AND ORDER

DATES OF HEARING: July 16, 17, 18, 19, 20, 27, and 31, 2001
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGES: Lyn Farmer and Dwight Nodes
IN ATTENDANCE: William A. Mundell, Chairman
Marc Spitzer, Commissioner
APPEARANCES: Mr. Timothy Berg, FENNEMORE CRAIG, and Mr. John M. Devaney and Mr. Norton Cutler, PERKINS, COIE, LLP, on behalf of Qwest Corporation;
Ms. Mary Steele, DAVIS, WRIGHT, TREMAINE, LLP, on behalf of AT&T Communications of the Mountain States, Inc. and XO Arizona, Inc.;
Mr. Thomas H. Campbell, LEWIS AND ROCA, LLP, and Mr. Thomas Dixon, Jr., on behalf of WorldCom, Inc.;
Mr. Michael W. Patten, ROSHKA, HEYMAN & DeWULF, PLC, on behalf of Cox Arizona Telecom, Inc., Z-Tel Communications and McLeodUSA Telecommunications Services, Inc.;
Mr. Eric Heath on behalf of Sprint Communications co., LP.;
Mr. Thomas H. Campbell, LEWIS & ROCA, LLP, on behalf of Time Warner Telecom of Arizona, LLC; and
Mr. Christopher C. Kempley, Chief Counsel and Ms. Maureen A. Scott, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

Arizona Corporation Commission
DOCKETED

JUN 12 2002

DOCKETED BY 

1 proportion of Qwest's power plant, and for their proportionate share of Qwest's land and building
2 investment, through the space rental charge assessed to collocators (*Id.*). WorldCom claims that
3 allowing Qwest to recover these general factors from collocators would result in double recovery of
4 Qwest's costs.

5 We agree with Qwest that WorldCom's arguments are misplaced. As Qwest explained, the
6 space within a CLEC collocation area is not assessed power and land and building factors under
7 Qwest's cost study. However, outside the CLECs' collocation cages, where CLEC equipment runs
8 through Qwest's central office space, it is appropriate for Qwest to assess these factors. We therefore
9 reject WorldCom's position on this issue.

10 **M. HVAC and Electrical Costs**

11 WorldCom also alleges that Qwest double counts HVAC and electrical costs. According to
12 Mr. Lathrop, this double counting results because Qwest adds HVAC and electrical costs as
13 components of its "standard space construction" cost, while retaining HVAC and electrical costs in
14 its per square foot floor space rental cost (*Id.* at 51-52).

15 Qwest contends that it specifically backed out \$23.51 per foot for mechanical and electrical
16 delivery in its cost study. Qwest claims that Staff witness Dunkel verified that such costs were
17 backed out of Qwest's study (See, Staff Ex. 30, at 23).

18 The record supports Qwest's contention that costs were backed out of Qwest's cost study in
19 order to avoid the double recovery of HVAC and electrical costs for collocators (Qwest Ex. 8, at 73).
20 In addition, we have adopted WorldCom's recommendation to reduce Qwest's proposed floor space
21 rental charge by 10 percent, to no more than \$3.56 per square foot because it is not clear that all
22 duplicative costs for HVAC, electrical, architectural fees, land costs, site work, landscaping, and
23 Qwest project management were removed from Qwest's proposed charge. Based on the record
24 evidence, we do not believe that any additional adjustments are appropriate.

25 **N. Individual Case Basis ("ICB") Pricing**

26 WorldCom opposes Qwest's proposal to price certain services on an ICB basis, such as for
27 Construction, Adjacent Collocation, and Field Connection Point Construction (WorldCom Ex. 13, at
28

1 32)³⁵. WorldCom claims that such ICB charges are problematic because they can only be quantified
 2 after a request is made for the service by a CLEC. WorldCom contends that ICB pricing also puts
 3 CLECs at a competitive disadvantage because of delays in getting a confirmed price, as well as
 4 Qwest's superior negotiating position if a CLEC has a need for a specific collocation space.
 5 WorldCom also states that ICB pricing of services gives Qwest little incentive to pursue efficiencies
 6 and improve the collocation implementation process (*Id.* at 34).

7 Qwest contends that ICB pricing is sometimes necessary because, for certain services, the
 8 Company has no experience or history that allows it to develop a cost study (Tr. 302). As an
 9 example, Qwest witness Hubbard stated that the Company has no experience in pricing a service such
 10 as adjacent collocation (collocation space placed just outside a central office due to space limitations)
 11 because no CLEC has previously requested the service (Tr. 306).

12 Although ICB pricing is, for many reasons, less desirable than UNE prices supported by a
 13 cost study, for the few remaining services offered on an ICB basis there is currently no alternative. If
 14 CLECs wish to order services such as Adjacent Collocation it is better to have the service available,
 15 even at a negotiated price, than to not have the service available at all. However, Qwest is directed to
 16 develop cost studies for all services offered in this docket on an ICB price basis in Phase III. Qwest
 17 should make every effort to develop reasonable cost-based prices for such services even if it has little
 18 or no experience actually provisioning the services.

19 **O. Market Pricing for Information Services and Databases**

20 WorldCom claims that Qwest has proposed unsubstantiated market-based pricing for
 21 numerous information services and database elements. WorldCom contends that there is not
 22 sufficient evidence in the record to determine if these market-based prices are reasonable.
 23 WorldCom argues that Qwest's witnesses were unable to explain the basis for these prices, other than
 24 to observe that there is a "profit" factor built into the rates (Tr. 565, 572-573). WorldCom cites to
 25 Decision No. 63487 (March 30, 2001) wherein the Commission approved a settlement agreement in
 26 Qwest's retail rate case that provided, among other things, that "Basket 2 services (including
 27

28 ³⁵ Qwest submitted a cost study for Remote Collocation in the Phase II A proceeding, thereby removing that ICB issue from the proceeding.