

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of QWEST CORPORATION's Land Development Agreements (LDA) Tariff Provisions	Docket No. 03-049-62
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RESPONSE TESTIMONY OF

DICK BUCKLEY

QWEST CORPORATION

JANUARY 28, 2005

**TESTIMONY OF DICK BUCKLEY
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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Dick Buckley. I am employed by Qwest Corporation as a Director in Policy
4 and Law. My business address is 1801 California St. #2040, Denver, Colorado.

5 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS DOCKET?**

6 A. Yes. I filed direct testimony on October 4, 2004.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to respond to the direct testimony of Polly Gaye Roe and
9 of William R. Bodine filed on November 19, 2004. In particular I will respond to the
10 assertion by Ms. Roe that insufficient data was provided to reproduce the calculations
11 described in my testimony. I will also respond to Mr. Bodine's unsupported claim that
12 my testimony is "another example of Qwest throwing a few numbers out"¹.

13 **II. RESPONSE TO TESTIMONY OF POLLY GAE ROE**

14 **Q. MS. ROE STATES THAT THE DATA PROVIDED IN YOUR TESTIMONY WAS**
15 **"NOT SUFFICIENTLY DETAILED" TO ALLOW HER TO REPRODUCE THE**
16 **CALCULATIONS. IS THIS TRUE?**

17 A. No. In my testimony I explained that the underlying investment information was taken
18 from the compliance run of the HM5.2a model used by the Commission in Docket
19 No. 01-049-85 to set Qwest's rates for wholesale unbundled loops. That model output
20 was available to Ms. Roe from either the Division of Public Utilities staff or, through the
21 discovery process, from Qwest. My exhibit RJB-2 is an Excel spreadsheet. The

¹ Direct Testimony of William R. Bodine at 24.

1 spreadsheet referenced the source of the detailed investment information derived from the
2 HM5.2a output. It also contained all the calculations involved in producing the
3 investment numbers discussed in my direct testimony.

4 **Q. MS. ROE STATES THAT SHE DOES NOT HAVE ANY DATA TO SUPPORT**
5 **YOUR STATEMENT THAT THE AVERAGE DISTRIBUTION INVESTMENT**
6 **FOR UTAH IS \$374.51. DID YOU PROVIDE THAT DATA?**

7 A. Yes. My Exhibit RJB-2 shows the total investment by density zone by plant category.
8 The investments are totaled by cable type (buried, aerial and underground) and by the
9 supporting structures for each of those cable types. In addition it shows investments for
10 terminals and drop. The data also shows the number of lines by density zone. Ms. Roe
11 could easily confirm the total distribution investment by zone and at a statewide level.
12 She could also divide those totals by their associated line counts to determine the average
13 investment for each zone or for the state in total.

14 **Q. MS. ROE ALSO CLAIMS THAT SHE WAS UNABLE TO DETERMINE WHAT**
15 **THE AMOUNT OF DROP INVESTMENT WAS THAT WAS REMOVED IN**
16 **YOUR CALCULATIONS. WAS THAT DATA AVAILABLE TO HER?**

17 A. Yes it was. First in my written testimony I stated that the average distribution investment
18 for the three zones included in the calculations was \$284.37 and that after removing the
19 drop the average was \$260.90. From that minimal amount of information she could have
20 determined that the average drop investment removed was \$23.47. She could have
21 verified this by going to the data in Exhibit RJB-2 and calculating the averages
22 independently. The total investment for the three zones is \$208,411,844. The total line

1 count for those zones is 732,885. Those two numbers (and the formulas associated with
2 them) are shown in cells K25 and K26 of the Summary tab in my exhibit. Dividing the
3 \$208,411,844 by 732,885 yields the \$284.37 average distribution investment amount.

4 The drop investment is shown in row 16 of the exhibit and totaled to \$17,204,379 for the
5 three zones (Cells F16, G16 and H16). Dividing that amount by the 732,885 lines in
6 those zones yields an average drop investment of \$23.47. Plainly, the information was
7 available to Ms. Roe to duplicate my calculations and confirm the values cited in my
8 testimony. Contrary to her claims all computations were provided and key figures were
9 not omitted. Instead it appears that Ms. Roe simply failed to review the data provided in
10 Exhibit RJB-2.

11 **Q. MS. ROE ALSO STATES THAT YOU FAILED TO PROVIDE ANY SUPPORT**
12 **FOR YOUR REDUCTION OF PLACING COSTS BY 67%. IS THAT**
13 **CORRECT?**

14 A. No. In my direct testimony² I stated that to estimate the distribution investment with
15 developer trench I reduced the HAI compliance run placing costs by 67%. HAI includes
16 a mix of placing techniques (i.e. plowing, trench & backfill, cut & restore asphalt) in its
17 placing costs. It does not have a specific cost category for the “lay cable” labor activity in
18 the placing cost that is above and beyond the trench work. Based on experience in Utah
19 wholesale cost dockets, I believed this was well understood. After reviewing Ms. Roe’s
20 testimony it appears that a further explanation of my adjustment may be helpful. The
21 67% reduction of the HAI placing costs was designed to remove the costs the developer

² Direct Testimony of Dick Buckley, October 4, 2004, pages 4-5.

1 would bear by providing the open trench. The remaining 33% of the placing is intended
2 to provide a liberal estimate of the “lay cable” labor portion of the HAI placing costs.

3 The attached Exhibit RJB-R1 shows the average buried placing costs developed by HAI
4 in the compliance run from Docket No. 01-049-85. I compared that per foot placing cost
5 to the per foot “lay cable” cost utilized by Qwest in Docket No. 01-049-85. For the zones
6 included in the HAI estimate of the cap amount, the “lay cable” costs range from 13% to
7 20% of the overall average placing costs. Thus, as stated above, 33% of the HAI placing
8 costs likely overstates the “lay cable” costs and provides a higher, more generous estimate
9 of the cap amount based on the HAI data.

10 **III. RESPONSE TO TESTIMONY OF WILLIAM R. BODINE**

11 **Q. IN HIS CONCLUDING REMARKS MR. BODINE STATES THAT YOU LEFT**
12 **OUT ALL LINKS TO HOW THE NUMBERS IN YOUR TESTIMONY WERE**
13 **DERIVED. IS HIS CLAIM CORRECT?**

14 A. Absolutely not. As described above, my Exhibit RJB-2 provided all the data and
15 calculations underlying the values included in my direct testimony concerning an update
16 to the LDA cap amount. The starting point for these calculations is the HM5.2a output
17 ordered and approved by the Commission in Docket No. 01-049-85. How that data was
18 adjusted and summarized was easily examined in my exhibit. I did not ask Mr. Bodine to
19 “trust me” as he claims.

20 **IV. CONCLUSION**

21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

1 A. Ms. Roe and Mr. Bodine base their criticisms of my testimony on alleged lack of data and
2 the resultant inability to recreate the values I provided. They stated that they were unable
3 to determine the validity of the investment numbers cited in my testimony. With a
4 minimum of effort they could have easily confirmed the calculations. The source of the
5 base investment data was provided both in my testimony and in Exhibit RJB-2. All the
6 calculations involved in developing an updated LDA cap amount from that investment
7 data were provided in the exhibit. Ms. Roe and Mr. Bodine simply failed to properly
8 review and analyze the provided testimony.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes it does.