

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**IN THE MATTER OF THE)
PETITION OF WWC HOLDING)
CO., INC. FOR ARBITRATION OF) DOCKET NO.: 03-2403-02
AN INTERCONNECTION)
AGREEMENT)**

ADDITIONAL DIRECT TESTIMONY OF

BRIAN F. PITKIN

ON BEHALF OF

WWC HOLDING CO., INC.

DECEMBER 19, 2003

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

2 A. My name is Brian F. Pitkin. I am President of InterLink, Inc., with offices located in
3 Alexandria, Virginia.

4 **Q. ARE YOU THE SAME BRIAN F. PITKIN THAT FILED REBUTTAL**
5 **TESTIMONY IN THIS PROCEEDING ON OCTOBER 17, 2003?**

6 A. Yes, I am.

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

8 A. My testimony focuses on the appropriate use of the HAI Model 5.2 to develop the costs
9 of transport and termination of intraMTA traffic for Gunnison Telephone Company
10 (“Gunnison”), Manti Telephone Company (“Manti”), South Central Utah Telephone
11 Association (“SCUTA”), Uintah Basin Telecommunications Association (“UBTA”), and
12 UBET Telecommunications, Inc. (“UBET”), hereafter collectively referred to as the
13 “Utah LECs.”

14 **Q. WHY DOES YOUR TESTIMONY NOW FOCUS ON THE USE OF THE HAI**
15 **MODEL 5.2 WHILE YOUR PREVIOUS TESTIMONY ADVOCATED THE USE**
16 **OF THE HAI MODEL 5.3?**

17 A. Subsequent to the filing of my October 17, 2003 rebuttal testimony, the parties to this
18 proceeding participated in a series of discussions in order to determine if a single cost
19 model could be relied on as the basis for identifying the costs of transport and termination
20 of intraMTA traffic. These discussions resulted from the three different cost models put
21 forth in this proceeding: the Utah LECs relying on the HAI Model 5.0a; the Division of
22 Public Utilities (“DPU”) relying on the HAI Model 5.2 (as adopted by this Commission

1 in the Qwest proceeding);¹ and my recommendation that costs be based on the HAI
2 Model 5.3. As a result of these discussions, the parties determined that this proceeding
3 could be simplified by standardizing the cost model that all parties would rely on as the
4 basis for calculating costs.² Thus, my testimony focuses on the HAI Model 5.2 as the
5 agreed-to platform for the remainder of this proceeding.

6 **Q. ARE YOU SPONSORING RATES BASED ON THE HAI MODEL 5.2 AT THIS**
7 **TIME?**

8 A. No. While the parties have agreed to use the HAI Model 5.2 as the standard platform for
9 calculating costs, the inputs into the model are going to be the subject of considerable
10 debate in the remainder of this proceeding. My basic position in this proceeding is that
11 the HAI Model 5.2 inputs, as previously adopted by this Commission in the *Utah Qwest*
12 *Order*, should be used except where the Utah LECs put forth demonstrable evidence that
13 such inputs are not appropriate for use in this proceeding.

14 **Q. WHAT RECOMMENDATIONS DO YOU HAVE REGARDING THE USE OF**
15 **THE HAI MODEL 5.2 IN THIS PROCEEDING?**

16 A. My October 17, 2003 rebuttal testimony highlights my principal recommendations
17 regarding inputs into the HAI Model. I will not repeat that testimony here, but will
18 briefly summarize the points I have previously made.

¹ Before the Public Service Commission of Utah, In the Matter of the Determination of the Cost of the Unbundled Loop of Qwest Corporation, Docket No. 01 049 85 (hereafter "*Utah Qwest Order*").

² The parties also agreed to a few minor modifications to the HAI Model 5.2 to correct some underlying data and to correct an underlying calculation error.

1 First, the HAI Model 5.2 should continue to recover switch costs on a per-port basis,
2 consistent with both the FCC's and this Commission's prior determinations.³ Switching
3 costs are not usage sensitive and treating them as such is a violation of cost causation
4 principles. Technology improvements have resulted in switch costs that are driven solely
5 by port requirements. The Commission should reject any cost proposals that attempt to
6 recover switching costs on a usage basis.

7 Second, the inputs into the model should reflect reasonable amounts of structure sharing
8 that would be expected from an efficient carrier subject to the financial constraints of
9 competition.⁴ The Commission should recognize that structure sharing opportunities in
10 the interoffice network are common and any cost proposal that understates or ignores
11 structure sharing is inaccurate and unrealistic.

12 Finally, the forward-looking cost model should not, in any way, attempt to replicate the
13 embedded costs of the Utah LECs but instead represent the costs that would be
14 appropriate in a TELRIC approach.⁵ The Utah LECs should not undermine the forward
15 looking cost model by forcing the model to produce their embedded costs. Such a
16 strategy frustrates the very purpose of examining forward looking costs through the use
17 of the HAI Model.

18 The Commission should be mindful of each of these issues as it begins its review of the
19 cost models put forth by the parties. I will review the evidence put forth by the Utah

³ Docket No. 03-2403-02, In the Matter of the Petition Of WWC Holding Co., Inc. for Arbitration of an Interconnection Agreement, Rebuttal Testimony of Brian F. Pitkin, October 17, 2003, pages 10-21.

⁴ *Id.*, pages 24-27.

⁵ *Id.*, pages 22-24 and 28-31.

1 LECs and the DPU regarding modifications to the HAI Model 5.2 inputs and comment
2 on those modifications once they are presented.

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

4 A. Yes it does.