



## TESTIMONY OF TERESA K. MILLION

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## EXECUTIVE SUMMARY

My name is Teresa K. Million. I am employed by Qwest Services Corporation, parent company of Qwest Corporation (“Qwest”), as a Staff Director in the Public Policy organization and I am testifying on behalf of Qwest. In my testimony, I respond to Joint CLEC witness Douglas Denney’s testimony regarding the nonrecurring charge (“NRC”) that Qwest proposes to charge for the work activities that Qwest must perform in the conversion of an Unbundled Network Element (“UNE”) circuit to a private line circuit. Qwest is required to perform these work activities in order to transition circuits purchased by Competitive Local Exchange Carriers (“CLECs”) from a UNE circuit to a private line circuit. This activity will take place in wire centers where the FCC-ordered criteria set forth in the FCC’s Triennial Review Remand Order (“*TRRO*”) and the FCC’s associated implementation rules has shown that CLECs are not “impaired” without access to DS1 or DS3 UNE loops, or DS1 or DS3 inter-office transport.

Qwest advocates the use of an existing tariff charge which provides a fair approximation for Qwest and the CLECs of the costs that Qwest will incur when performing the conversion work activities. Qwest is asking the Commission to recognize that Qwest will incur costs when performing the UNE-to-private line circuit conversions, is entitled to recovery of those costs, and thus has the right to assess such a charge for the work that it performs.

**I. INTRODUCTION**

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

A. My name is Teresa K. Million. I am employed by Qwest Services Corporation, parent company of Qwest Corporation (“Qwest”), as a Staff Director in the Public Policy organization and I am testifying on behalf of Qwest. In my position, I am responsible for directing the preparation of cost studies and representing Qwest’s costs in a variety of regulatory proceedings. My business address is 1801 California St., Room 4700, Denver, Colorado.

**Q. ARE YOU THE SAME TERESA MILLION WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?**

A. Yes.

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

A. The purpose of my testimony is to respond to Joint CLEC witness Douglas Denney’s testimony regarding the nonrecurring charge (“NRC”) that Qwest proposes to charge for the work activities that it must perform in the conversion of an Unbundled Network Element (“UNE”) circuit to a private line circuit. Qwest performs these work activities in transitioning circuits that must be converted from UNEs to private line circuits in wire centers that the FCC has deemed “non-impaired” pursuant to the FCC’s Triennial Review Remand Order (“*TRRO*”) and the FCC’s associated implementation rules. Qwest will

1 utilize an existing NRC to recover a portion of the costs that it incurs when implementing  
2 these conversions.

## 3 II. RESPONSE TO MR. DENNEY

4 **Q. IS QWEST'S PROCESS FOR CONVERTING A UNE CIRCUIT TO A PRIVATE**  
5 **LINE CIRCUIT TRANSPARENT TO THE CUSTOMER AS MR. DENNEY SAYS**  
6 **IT SHOULD BE?**

7 A. Yes. The process that Qwest has established for converting UNE circuits to private lines  
8 is specifically designed to *ensure* that the conversion is transparent to both the end-user  
9 customer and the CLEC serving that customer. However, it is important to note that this  
10 particular process comes with a cost. While Mr. Denney claims that there is no change in  
11 the “form, character or function” of the facility when a circuit converts from a UNE to a  
12 private line, Mr. Denney is wrong.

13 Webster's Dictionary defines “character” as an “essential quality; nature; kind or sort...”  
14 and characteristic as “distinctive...a distinguishing trait, feature, or quality...”<sup>1</sup> Thus,  
15 while it is true that the CLEC's end-user customer's *service* does not change in any way,  
16 it is not that customer's “service” that is the subject of the conversion. Rather, it is the  
17 nature of the CLEC's *product* that is changing. That is, the whole point of the conversion  
18 is that the “character” of the product is changing from that of a wholesale UNE product  
19 purchased only by CLECs through Interconnection Agreements (“ICAs”) to a tariffed  
20 service purchased by CLECs, other interconnecting companies and Qwest's retail

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<sup>1</sup> Webster's New World Dictionary, Simon and Schuster 1984.

1 customers through commercial contracts. These two products are clearly distinguishable  
2 from each other, not only by price and classification, but also by the customers to whom  
3 they are available and by the differing ordering, maintenance and repair processes that  
4 attach to each of them. Because of this change in the nature of these circuits from UNE  
5 products to private line services, and because these circuits are billed, inventoried and  
6 maintained differently in Qwest's systems, Qwest must process them as an "order-out"  
7 and an "order-in," and thus change the circuit identifiers ("circuit IDs") to move them  
8 from one product category to the other. Circuit IDs identify in a number of Qwest's  
9 systems, including the Trunk Record Keeping Inventory System ("TIRKS") database and  
10 the Work Force Administration ("WFA") system, among other things, whether a circuit is  
11 a UNE or a private line, what type of testing parameters apply, and which maintenance  
12 and repair center is responsible for that circuit.

13 In order to ensure that the conversion process is transparent to the CLEC and its  
14 customers' services, Qwest interjects a number of manual activities into the process so  
15 that certain automated steps do not occur that could otherwise result in disruption of those  
16 services. The purpose of many of the tasks included in the conversion process is to avoid  
17 placing the CLECs' end-user customers at risk. To date, after more than 500 conversions  
18 involving this type of circuit ID change, Qwest is not aware of any complaints from  
19 CLECs about customers whose service has been disrupted by this conversion process.  
20 Therefore, Mr. Denney's attempts to emphasize "potential risks" in Qwest's process to  
21 the CLECs' customers is merely a smokescreen and proves exactly why Qwest  
22 undertakes those steps, thereby making the conversion transparent.

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**Q. IS MR. DENNEY CORRECT THAT QWEST'S CONVERSION OF UNEs TO PRIVATE LINE CIRCUITS IS NOT REQUIRED BY THE *TRRO*?**

A. No. For wire centers that the FCC has deemed to be “non-impaired,” Qwest is no longer required to provide access to DS1 or DS3 UNE loops or inter-office transport. This FCC determination in the *TRRO* means that Qwest is no longer required to price these services at Total Element Long Run Incremental Cost (“*TELRIC*”) costs. UNEs are priced at *TELRIC* costs, and thus, in order for Qwest to be able to price these services at something other than *TELRIC*, *as the TRRO entitles it to do*, it is necessary for Qwest to convert them to private line services. What this means from an operational standpoint is that if a CLEC remains on Qwest’s facilities at the affected wire centers (instead of disconnecting the UNEs and availing itself of alternative facilities), Qwest must convert those UNEs to private line services. If Qwest were not allowed to convert the UNE circuits to private line circuits, the FCC’s non-impairment findings in the *TRRO* would be essentially rendered meaningless. In addition, if Qwest were to perform the activities associated with a conversion, but were not allowed to charge the CLEC for those activities, the cost burden would be unfairly shifted to Qwest and its end-user customers, thereby placing Qwest at a disadvantage in a marketplace which the FCC has determined to be competitive. Thus, to the extent that Qwest incurs costs to facilitate the CLEC’s conversion from a UNE to a private line service, Qwest should be entitled to assess an appropriate charge.

1   **Q.   MR. DENNEY ASSERTS THAT CHANGING THE CIRCUIT ID IS MERELY A**  
2   **CONVENIENCE FOR QWEST. IS HE CORRECT?**

3   A.   No. As I explained in my direct testimony, FCC rules require that telephone carriers  
4   accurately maintain records that track inventories of circuits. Specifically, 47 C.F.R.  
5   32.12(b) and (c) provides as follows:

6           (b) The company's financial records shall be kept with sufficient particularity to  
7           show *fully* the facts pertaining to all entries in these accounts. The detail records  
8           shall be filed in such manner as to be readily accessible for examination by  
9           representatives of this Commission.

10          (c) The Commission shall require a company to maintain financial and other  
11          subsidiary records in such a manner that specific information, of a type not  
12          warranting disclosure as an account or subaccount, will be readily available.  
13          When this occurs, or where the full information is not otherwise recorded in the  
14          general books, the subsidiary records shall be maintained *sufficient detail to*  
15          *facilitate the reporting of the required specific information*. The subsidiary  
16          records, in which the full details are shown, shall be sufficiently referenced to  
17          permit ready identification and examination by representatives of this  
18          Commission [FCC]. (Emphasis added.)

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20       Thus, Qwest is *required* to maintain subsidiary records in sufficient detail to align  
21       specific circuits with the billing, accounting, and jurisdictional reporting requirements  
22       related to the services that these circuits support. In other words, Qwest must be able to  
23       distinguish for purposes of tracking and reporting its UNE products from its other  
24       products, such as its tariffed private lined services. Qwest accomplishes this through the  
25       use of circuit IDs and other appropriate codes, depending on the systems affected by the  
26       requirement. Not only does changing the circuit ID facilitate the proper reporting of these  
27       two products, as Qwest is required to do, but it also ensures that the CLEC will receive  
28       support for testing, maintenance and repair from the appropriate Qwest centers.



1 Because the *TRRO* entitles Qwest to charge CLECs something other than TELRIC rates  
2 for the DS1 and DS3 facilities provisioned out of non-impaired wire centers, Qwest must  
3 re-characterize those facilities from UNEs to private line services. In order to sufficiently  
4 maintain its subsidiary records to support its accounting, repair and maintenance for  
5 UNEs versus its private line services, Qwest must have accurate circuit identifiers that  
6 properly track circuits separately in systems such as TIRKS and WFA.

7  
8 **Q. MR. DENNEY SUGGESTS THAT THE FCC REQUIREMENTS YOU CITE**  
9 **ABOVE DO NOT PRESCRIBE HOW QWEST IS TO USE CIRCUIT**  
10 **IDENTIFIERS TO MAINTAIN ITS RECORDS. HOW DO YOU RESPOND?**

11 A. Mr. Denney's suggestions ignore the fact that the circuit ID is Qwest's only means of  
12 tracking the difference between UNEs and private lines in systems such as the TIRKS  
13 database and WFA. These systems are used to inventory circuits and assign repair and  
14 maintenance of the circuits to the appropriate Qwest centers. This is important because  
15 the repair, testing and maintenance of circuits for UNEs and private lines are handled out  
16 of different work centers. In the long run, Qwest is able to maintain, track and service all  
17 of its customers, including CLECs and their end-user customers, better and more  
18 efficiently if it is able to identify accurately the types of services and facilities it is  
19 providing to these respective categories of customers. It would be grossly inefficient,  
20 expensive and wasteful for Qwest to make changes to its myriad of legacy systems,  
21 processes and tracking mechanisms, such as circuit IDs, in order to accommodate each  
22 new regulatory nuance regarding how it offers its services to its customers and its

1 competitors. Qwest has already expended hundreds of millions of dollars to enhance and  
2 modify its ordering, provisioning and inventory systems to be able to appropriately track  
3 facilities it has been required to provide as UNEs. It should not now have to spend  
4 millions more to modify its systems one more time in order to track these same facilities  
5 yet another way. The costs associated with this type of system/process rework simply do  
6 not make sense in a competitive environment, and such costs would place an unfair  
7 burden on Qwest, especially when Qwest already has systems and identifiers in place to  
8 track private line services.

9  
10 **Q. MR. DENNEY EQUATES THE CONVERSION OF DS1 AND DS3 UNEs TO**  
11 **PRIVATE LINE SERVICES WITH THE CONVERSION OF UNE-P TO QPP. IS**  
12 **HIS COMPARISON APPROPRIATE?**

13 A. No. Perhaps Mr. Denney does not understand the nature of Qwest's Qwest Platform  
14 Plus™ ("QPP") product. For example, he discusses the fact that Qwest did not change its  
15 circuit IDs when it converted CLECs to QPP. What he does not understand is that in the  
16 case of UNE-P and QPP the *loop portion* of the product is identified by the telephone  
17 number for purposes of billing, maintenance and repair. There is no circuit ID associated  
18 with the loop in the case of a finished service such as UNE-P or QPP. Therefore, because  
19 the telephone number does not change, nothing about the character, form or function of  
20 the loop changes whether it is part of UNE-P or QPP and it can be billed differently  
21 through the assignment of new universal service order codes ("USOCs") without  
22 consideration for other systems or centers. Furthermore, as part of UNE-P, these

1 elements were already being billed out of the Customer Record Information System  
2 (“CRIS”) billing system, and thus a change in USOCs was all that was necessary to  
3 effectuate new rates. Clearly, the way in which Qwest tracks the loop for purposes of  
4 repair and maintenance do not change as a result of the conversion from UNE-P to QPP.  
5 Thus, Mr. Denney’s analysis on this point is not meaningful.

6 In the case of DS1 and DS3 UNEs, however, the character of the product offering is  
7 changing. As I discussed above, as UNEs, DS1s and DS3s are available at TELRIC rates  
8 only to CLECs. Thus, in wire centers that continue to be identified as “impaired” going  
9 forward, Qwest must still offer those products as UNEs, unlike the switching and shared  
10 transport components of UNE-P which are no longer classified as UNEs at all. In order  
11 to charge a rate for the DS1 and DS3 services in the non-impaired wire centers at  
12 something other than TELRIC, as Qwest is entitled to do under the FCC’s *TRRO*  
13 decision, Qwest must re-classify them as something other than UNEs. In the case of  
14 UNE-P, Qwest was not converting a UNE product to an existing tariffed equivalent  
15 because QPP did not previously exist. In the case of DS1s and DS3s, however, Qwest  
16 has a product offering that is a tariffed equivalent to its UNE offering. Thus, in  
17 converting the UNE product to a tariffed private line product, Qwest must change the  
18 circuit ID in order to properly track these differently-characterized products in the  
19 appropriate systems.

20  
21 **Q. MR. DENNEY POINTS OUT THAT WHEN SOME CLECs ORIGINALLY**  
22 **CONVERTED THEIR PRIVATE LINE CIRCUITS TO UNEs, THEY WERE**

1           **GIVEN AN OPPORTUNITY TO KEEP THEIR PRIVATE LINE CIRCUIT IDs.**  
2           **IS HE CORRECT?**

3    A.    Yes. However, this was so only because those CLECs objected to Qwest's efforts to  
4           convert those private line circuit IDs to circuit IDs representing UNE products. As Qwest  
5           pointed out in its responses to the Joint CLECs' data request nos. 01-022 and 01-025,  
6           attached as Million Exhibits 1 and 2, respectively, Qwest only offered that option to a  
7           limited number of CLECs with embedded circuits established before April 2005. The  
8           reason for discontinuing that practice in 2005 was that Qwest had discovered, after  
9           allowing the circuit IDs to remain unchanged initially, that it was experiencing difficulty  
10          in managing the circuits, and it was incurring a substantial amount of expense on the  
11          resources necessary to manually track those circuits individually in order to maintain its  
12          subsidiary records accurately. Therefore, as of April 2005, that option is no longer  
13          available, and thus, any circuit additions or changes made to circuits after that date are  
14          required to change circuit IDs as well. Currently, there are fewer than 7% of all DS1 and  
15          DS3 UNEs that still have private line circuit IDs. Qwest has accounted for those circuits  
16          in its conversion cost study, and thus does not include activities, or the associated costs,  
17          triggered by a change of circuit ID for those "grandfathered" circuits in its conversion  
18          costs.

19  
20    **Q.    MR. DENNEY SUGGESTS THAT THE COMMISSION SHOULD DETERMINE**  
21    **AN APPROPRIATE RATE FOR UNE-TO-PRIVATE LINE CONVERSIONS ON**

1           **THE BASIS OF QWEST'S EXISTING TELRIC RATES. IS THAT**  
2           **APPROPRIATE?**

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4       A.     No. There are two primary flaws with Mr. Denney's discussion about the appropriate rate  
5           for these conversions.

6           First, assigning a TELRIC rate for the nonrecurring charge associated with a tariffed  
7           *interstate private line service* would be both an inappropriate application of TELRIC rates  
8           and outside the scope of this Commission's jurisdiction. Nonrecurring TELRIC charges  
9           should only be associated with the establishment of UNE products. In this case, the  
10          product being established is a tariffed private line service. Qwest has an existing tariffed  
11          NRC that it is recommending as a reasonable charge for converting the UNEs to private  
12          line circuits.

13          Second, Mr. Denney limits his discussion of TELRIC rates for private line to UNE  
14          conversions to two states, Minnesota and Utah. The Minnesota Commission, however,  
15          has historically set nonrecurring and other rates that were significantly lower than the  
16          rates in other Qwest states largely on the basis of AT&T studies that were not presented  
17          or adopted in those other states. Further, while this Commission set the second-lowest  
18          rate for conversions in Qwest's 14-state region, it did so on the basis that the process  
19          would require little or no manual activity and thus that Qwest's time estimates should be  
20          reduced by 40%. Mr. Denney, however, fails to mention that in Qwest's other 12 states,  
21          the TELRIC rates for private line to UNE conversions range from \$22 to \$42, with the

1 most prevalent rate being approximately \$37. Furthermore, these rates are for a  
2 conversion process that did not anticipate the need to change circuit IDs. Thus, even if  
3 this Commission were to apply its 40% reduction in time estimates to Qwest's estimate of  
4 UNE-to-private line conversion costs, the resulting rate would still be well above the  
5 existing tariffed charge that Qwest recommends for this activity.

### 6 III. CONCLUSION

#### 7 8 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

9 A. Qwest is required to perform the work activities identified in its conversion cost study in  
10 order to transition circuits that CLECs purchase when a UNE is converted to a private  
11 line circuit, including the changing of the circuit ID. Qwest's process is transparent to  
12 CLECs and is designed to ensure that there is no disruption to CLEC end-user customers.

13 It makes sense in a competitive environment for Qwest to use its existing systems,  
14 processes and identifiers (and thus not develop and establish new, costly ones) to be able  
15 to distinguish between UNEs and private line services for purposes of provisioning,  
16 maintenance and repair. In the long run, Qwest will be able to serve all of its customers,  
17 including CLECs and their end-user customers, better and more efficiently if it is able to  
18 accurately identify the types of services and facilities it is providing to these respective  
19 categories of customers. Therefore, if a CLEC does not choose to use alternative  
20 facilities to replace the Qwest UNE circuits that the CLEC is no longer entitled to  
21 purchase at TELRIC rates, Qwest should be allowed to charge that CLEC for the

1 activities that Qwest undertakes to convert those circuits from UNEs to private line

2 services.

3

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

5 A. Yes it does.