

Excerpt from the Direct Testimony of
Dr. Robert Bowman
on behalf of US WEST Communications, Inc.

in

Oregon Docket No. UM 351

*In the Matter of the Investigation into the Cost of Providing
Telecommunications Services*

Filed: August 14, 1995

BOWMAN/ 6

1
2 6. INCREMENT. The concept of LRIC is based upon an
3 increment that is large enough to capture all
4 relevant changes in the cost of the firm caused by
5 the decision to offer the service or provide the
6 building block.
7

8 7. FACTORS AND LOADINGS. In order to capture cost
9 associated with the provisioning of a building
10 block, factors and investment loadings should be
11 used when costs cannot easily be identified
12 directly. Factors and loadings consist of annual
13 cost factors and investment loadings.
14

15 Q. DOES USWC'S COST METHODOLOGY FOLLOW THE SEVEN COST
16 PRINCIPLES?

17
18 A. Yes, the seven cost principles were followed in
19 completing the cost study support used in Tables I -
20 IV.