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July 25, 2001

DOCKET CONTROL
ACC - UTILITIES DIVISION
1200 WEST WASHINGTON STREET
PHOENIX, AZ 85007

RE: ACC Docket No. T-00000A-00-0194

Dear Sir or Madam:

Please find enclosed an original and ten copies of the Summary of the Direct Testimony and Surrebuttal Testimony of Randy G. Farrar in the above-reference docket. Confidential pages are being supplied to the parties who have signed the Protective Agreement as well as the Commissioners, their respective Advisors, and the presiding Administrative Law Judges. Please do not hesitate to contact me should you have any questions in this regard.

Sincerely,

Eric S. Heath

ESH/st

Enclosure

Cc: File
Service List

Arizona Corporation Commission
DOCKETED

JUL 26 2001

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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

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

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) DOCKET NO. T-00000A-00-0194
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SUMMARY OF THE DIRECT TESTIMONY AND SURREBUTTAL TESTIMONY OF
RANDY G. FARRAR ON BEHALF OF SPRINT COMMUNICATIONS COMPANY L.P.

1 As noted in my Direct Testimony, Sprint Communications Company L.P.'s
2 ("Sprint") interest in this proceeding is in its capacity as a competitive local exchange
3 carrier (CLEC). However, Sprint is also affiliated with several incumbent local exchange
4 companies through its corporate parent, including Central Telephone Company of
5 Nevada, dba Sprint of Nevada ("Sprint/NV") and Carolina Telephone and Telegraphy
6 Company ("Sprint/NC"). All in all, Sprint-affiliated ILECs operate in 18 states, and serve
7 more than 8 million access lines. With its "ILEC" and "CLEC" perspectives, Sprint
8 brings a unique focus to this proceeding, which require it to arrive at balanced positions
9 that support the pro-competitive goals of the Telecommunications Act of 1996 ("the
10 Act").

11 In my capacity as Senior Manager - Network Costing, I routinely perform cost
12 studies for unbundled network elements (UNEs) for Sprint's ILEC operations. As a
13 result, I have direct experience with the underlying costing methodologies required to
14 comply with the FCC's TELRIC guidelines. Furthermore, I have direct experience with
15 the development of many of the inputs to a properly completed UNE cost study. This
16 experience in preparing UNE cost studies on behalf of an ILEC provides an
17 independent, fact-based standard for evaluating the reasonableness of Qwest's cost
18 methodologies, inputs and resulting prices.

19 Attachment RGF1 of my Direct Testimony and its errata filed on July 6, 2001 in
20 this docket compares Qwest's propose rates with those of Sprint/NV and Sprint/NC.
21 Attachment RGF1-R is a revision of this document, reflecting Qwest's revised proposed
22 rates. Attachment RGF3-R is identical to Attachment RGF-3, except for the addition of
23 two percentage sums at the bottom of the attachment.

1 Sprint's areas of concern are as follows:

2 Unbundled Loops

3 As mentioned above, Sprint is an ILEC with extensive experience providing loops
4 for its own end users and as UNEs for CLECs. Although most of Sprint's loops are in
5 rural areas, Sprint does serve several dense urban areas, including Las Vegas, NV.
6 Sprint/NV's cost studies, using its own model and inputs, indicated that Sprint/NV can
7 provide unbundled loops in Las Vegas, NV, for only \$9.51 in Zone 1, and \$12.59 in
8 Zone 2; a weighted rate of \$11.61. The Nevada Public Utility Commission approved
9 rates of \$9.98 and \$11.57, respectively with a weighted rate of \$10.77. In Phoenix,
10 however, an area with similar access line density as Las Vegas, Qwest's proposed
11 rates for unbundled loops are \$15.50 in Zone 1, and \$21.18 in Zone 2, a weighted
12 urban loop rate of \$20.72. (To accurately compare Qwest's rates to Sprint/NV's, I
13 removed Qwest's rate for the Network Interface Device). Thus, Qwest's loop rate in
14 dense, urban areas is approximately 75% greater than Sprint's.

15 I would like to point out that while I am not proposing the Commission adopt any
16 particular model or set of inputs, Sprint/NV rates can be used as a benchmark to
17 determine the reasonableness of Qwest's loop rates.

18
19 Loop Cost Associated With Line Sharing

20 Sprint opposes Qwest's proposed loop cost allocation of \$5.00 for line sharing.
21 Simply put, there is no incremental cost attributable to line sharing. TELRIC principles
22 require that the cost be borne by the cost-causer. Since there is no incremental cost
23 caused by line sharing, there is no incremental loop cost to allocate anywhere.

1 Loop Conditioning

2 Qwest's rates for loop conditioning are excessive. Qwest proposes a loop
3 conditioning rate of \$652.83. Qwest's cost study does not properly recognize bulk
4 deloading for loops less than 18,000 feet in length. Sprint/NC conditions loops less than
5 18,000 feet in length for only \$38.51. In addition, Qwest's cost studies contain
6 excessive engineering and work times, do not properly recognize the lower cost of
7 deloading/conditioning in aerial and buried environments, and do not properly recognize
8 the economies of conditioning additional pairs at the same time and location.

9 Finally, Qwest's cost study includes excessive shared and common costs.
10 Qwest's combined factors for "Directly Assigned", "Directly Attributed", and "Common"
11 costs total 38.0%. Sprint/NC's equivalent factor is only 22.4%. Qwest uses these
12 excessive factors throughout their cost studies, affecting many areas other than loop
13 conditioning.

14
15 Collocation

16 Qwest's rates for DC Power, Power Cables, Space Construction, Grounding, and
17 Security are excessive.

18 • DC Power

19 Qwest's proposed rates for DC power range from \$14.64 to \$18.35 are excessive
20 in comparison to Sprint's singular charge of \$14.94. Qwest assumed investment per
21 amp that is 60% greater than Sprint/NV's investment. This excessive investment is
22 primarily due to Qwest's assumption of a 1,000 amp power plant. In reality, collocation
23 will occur in larger central offices with a larger power plant, and lower per amp

1 investment. Sprint supports a per load-amp basis. It is still not clear how Qwest intends
2 to apply its power rate.

3 • Power Cables

4 Qwest's rate for DC Power Cables on a per foot basis is 11 times that of
5 Sprint/NV.

6 • Space Construction

7 Qwest's proposed NRC is 15 times that of Sprint/NV. This is offset somewhat by
8 a lower proposed MRC. The primary difference between Qwest's and Sprint/NV in this
9 example is that Sprint/NV recovers many costs on an MRC basis while Qwest proposes
10 recovering them on a NRC basis. I would point out that excessive NRCs can be a
11 barrier to entry for CLECs. Additionally, Qwest's proposed rates for grounding are
12 excessive, primarily because of a failure to recognize a sufficient degree of investment
13 sharing between CLECs. Sprint's study assumes ground wire is shared by four CLECs
14 where Qwest assumes each CLEC will require its own ground wire.

15 • Security

16 Sprint believes that Qwest's proposed rates for security are excessive. Sprint -
17 NV has an NRC of \$15 per card, and no MRC. Qwest has two MRCs, one of \$8.07 per
18 "Access Card per Employee, Per Office", and another \$0.87 per "Access Card per
19 Employee".

20

1 **SURREBUTTAL TESTIMONY OF RANDY G. FARRAR**
2 **ON BEHALF OF SPRINT COMMUNICATIONS COMPANY L.P.**
3

4 Surrebuttal to the Rebuttal Testimony of James C. Overton

5 At the end of Section V of his Rebuttal Testimony, Mr. Overton states that, "... it
6 is not feasible to deload the loops of customers whose loops depend on loading for
7 voice service." This is true for removing bridge taps; and for removing load coils on
8 loops over 18,000 feet in length. However, loops below 18,000 feet do not require load
9 coils. In order to provide high-speed services to as many customers as possible, and in
10 an as efficient manner possible, loops should be bulk deloaded in all loops less than
11 18,000 feet in length.

12 Mr. Overton also states that, "... this fact makes it very unlikely that Qwest can
13 condition entire binder groups at one time." This statement seems to conflict with
14 Qwest's so-called Bulk Deload Project.

15
16 Surrebuttal to the Rebuttal Testimony of Teresa K. Million

17 • Loop Conditioning Rate Comparison:

18 On pages 10 – 12 of her Rebuttal Testimony, Ms. Million states that Sprint failed
19 to recognize that Qwest's loop conditioning rate applies to as few as one loop to as
20 many as 25 loops at a time, and then claims that Qwest's rates compare favorably to
21 those of Sprint. Her comparisons, however, are based on a "best-case" scenario where
22 25 loops will always be deloaded, which does not reflect real-world situations. Ms.
23 Million also ignores Sprint/NC's \$38.51 loop conditioning charge for loops under 18, 000
24 feet in length. In order to benefit from Qwest's rate structure, the CLEC would have to

1 order and receive loop conditioning on an entire binder group of 25 loops (or at least a
2 majority of those loops) at the same time.

3 In the real world, CLECs typically request loop conditioning one or two loops at a
4 time. When a CLEC does request loop conditioning for ten loops, they will likely be
5 distributed over several central offices and different binder groups.

6 Following are some real-world examples:

- 7 • For loops less than 18,000 feet in length, Sprint/NC recognizes bulk deloading in
8 its cost studies. If a CLEC requests one conditioned loop, Sprint/NC's cost study
9 reveals a cost to the CLEC of \$38.51. Qwest proposes to charge the CLEC
10 \$652.83, or 17 times that of Sprint/NC.
- 11 • For loops over 18,000 feet in length, if a CLEC requests two conditioned loops,
12 and each loop has two bridge taps in two different locations, Sprint/NC will
13 charge the CLEC a total of \$84.12. Qwest will charge \$652.83, or eight times
14 that of Sprint/NC.

15 By charging a full \$652.83 for deloading one individual loop under 18,000 feet in
16 length, Qwest will realize a windfall. According to the cross-examination of Ms.
17 Torrence, and Qwest's response to Sprint Data Request No. 7 (see, ACC Staff Exhibit
18 25), Qwest will actually deload the entire binder group if possible. In this case, Qwest
19 will have recovered the entire cost of deloading the binder group from one CLEC. The
20 other 24 loops can be used by Qwest (or other CLECs) to provide their own high-speed
21 services.

22

23

1 • Outside Plant Environment (Aerial / Buried / Underground):

2 On page 11 of her Rebuttal Testimony, Ms. Million states, "Qwest does not
3 believe that there is a significant amount of buried or aerial cable in its feeder routes to
4 be unloaded in its region, and that the vast majority of unloading activity in Arizona will
5 be for underground cable." This statement is unsupported, counter-intuitive, and
6 ignores distribution plant.

7 Where present, load coils are placed at 6,000 feet intervals. Thus longer loops
8 such as those over 18,000 feet in length, which are more likely to have load coils, will
9 have load coils in the distribution cable. Distribution cable is more likely to be aerial and
10 buried than is feeder.

11 Bridge taps exist in order to increase loop appearances in distribution plant.
12 Thus bridge taps are more likely to occur in distribution plant where aerial and buried
13 plant is more common. Even if a bridge tap occurs in underground plant, there is often
14 an above-ground terminal near-by, where the bridge tap can be removed without
15 entering the underground vault.

16 Loop conditioning will not take place in a TELRIC outside plant network, which
17 will have less aerial and buried plant than the real-world network. In fact, by definition,
18 the TELIC network will not have any load coils or bridge taps. Thus loop conditioning
19 will occur in the real-world network, which has a greater occurrence of aerial and buried
20 plant.

21 Finally, on page 10 of her Rebuttal Testimony, Ms. Million states that there is no
22 engineering charge when the splitter is placed in a CLEC's collocation space. Sprint
23 acknowledges this correction.

1 Surrebuttal to the Rebuttal Testimony of Garret Y. Flemming

2 On page 37 of his Rebuttal Testimony, Mr. Flemming states that while Qwest's
3 cost study assumes two bays per collocation, Qwest offers a discount for a single bay
4 collocation. Sprint acknowledges this correction.

5 Sprint applies its DC power rate element on a load-amp basis, not on fuse-amp.
6 In other words, Sprint will only charge CLECs for the actual power they use. It is still not
7 clear how Qwest will apply their DC power rate. During cross- examination, Mr.
8 Flemming made it clear that Qwest will not charge on a fuse-amp basis. However, he
9 then stated that Qwest will charge based on amps ordered. This not necessarily the
10 same as a load amp. It is not clear that a CLEC may order only the power they will
11 actually use. Sprint is currently paying Qwest for power far in excess of its actual use.

12

13 This concludes my summary and surrebuttal testimony.

COMPARISON OF MRCs / NRCs

DESCRIPTION	Sprint - NC		Sprint - NV		Qwest - AZ		
	MRC	NRC	MRC	NRC	MRC	NRC	Rate Element
Line Sharing							
Loop Allocation			(c)	\$ 24.38	\$ 5.00	\$ 37.54	9.4.1
Engineering				(c)		\$ 1,274.63	9.4.7
Local Loop - Analog 2-Wire (Excluding NID)							
Zone 1			\$ 9.98		\$ 15.50	(d)	9.2.1
Zone 2			\$ 11.57		\$ 21.18	(d)	9.2.1
Zone 3			\$ 13.32		\$ 32.95	(d)	9.2.1
Zone 4			\$ 17.00				
Zone 5			\$ 17.66				
First				\$ 67.83		\$ 88.29	9.2.4.1
Additional				\$ 32.30		\$ 76.07	9.2.4.1
Loop Conditioning - Per Line							
Loops Less Than 18,000 Feet in Length Only							
Load Coil Removal							
Cost Per Loop		\$ 38.51				\$ 652.83	9.2.2.3
Rate Per xDSL Capable Loop		\$ 1.05					
Loop Conditioning - Per Location							
For the following per location charges, only one Engineering and Travel Charge is applied for each loop that requires any individual or combination of conditioning activities:							
Engineering Charge		\$ 26.51					9.2.2.3
Travel Charge		\$ 16.21					9.2.2.3
Load Coil Removal							
Loops Over 18,000 Feet in Length Only							
Each Underground location		\$ 398.85				\$ 652.83	9.2.2.3
Each additional Ug load coil, same time, location & cable		\$ 1.59				\$ 652.83	9.2.2.3
Each Aerial location		\$ 21.56				\$ 652.83	9.2.2.3
Each additional Ae load coil, same time, location & cable		\$ 1.46				\$ 652.83	9.2.2.3
Each Buried location		\$ 21.56				\$ 652.83	9.2.2.3
Each additional Bu load coil, same time, location & cable		\$ 1.46				\$ 652.83	9.2.2.3
Bridged Tap Removal							
Each Underground location		\$ 397.60				\$ 652.83	9.2.2.3
Each additional Ug Bridged Tap, same time, location & cable		\$ 0.34				\$ 652.83	9.2.2.3
Each Aerial location		\$ 20.40				\$ 652.83	9.2.2.3
Each additional Ae Bridged Tap, same time, location & cable		\$ 0.30				\$ 652.83	9.2.2.3
Each Buried location		\$ 20.40				\$ 652.83	9.2.2.3
Each additional Bu Bridged Tap, same time, location & cable		\$ 0.30				\$ 652.83	9.2.2.3
Collocation							
All Collocation							
Power Plant, Per Amp			\$ 14.94		\$ 10.94		8.1.3
Power Usage, > 60 Amps			(a)		\$ 3.70		8.1.3
Power Usage, < 60 Amps			(a)		\$ 7.41		8.1.3
Security - Access Card per Employee			n/a	\$ 15.00	\$ 0.86		8.1.8
Security - Access Card per Employee, per Office			n/a		\$ 7.90		8.1.8
Virtual Collocation							
48 Volt DC Power Cables							
20 Amp Power Feed, per feed					\$ 8.11	\$ 5,552.65	8.2.8
30 Amp Power Feed, per feed					\$ 9.27	\$ 6,343.97	8.2.8
40 Amp Power Feed, per feed					\$ 11.31	\$ 7,739.80	8.2.8
60 Amp Power Feed, per feed					\$ 14.11	\$ 9,655.97	8.2.8
50 Amp Power Feed, per feed			\$ 42.17	\$ 2,076.09			
100 Amp Power Feed, per feed			\$ 65.85	\$ 3,631.32			
200 Amp Power Feed, per feed			\$ 120.28	\$ 6,511.88			
Cageless Collocation							
Space Construction - 40 Amp Power Feed							
2 Bays and 1 - 40 Amp Power Feed (b)			\$ 213.67	\$ 2,076.09	\$ 43.77	\$ 29,953.55	8.3.2
Caged Collocation							
Space Construction - 60 Amp Power Feed							
Cage - Up to 100 Sq. Ft. & 1 - 60 Amp Power Feed (b)			\$ 917.17	\$ 3,504.19	\$ 75.84	\$ 51,901.16	8.4.2
Grounding, per foot							
2/0 AWG - per Foot					\$ 0.02	\$ 12.65	8.4.4
1/0 AWG - per Foot					\$ 0.03	\$ 21.05	8.4.4
4/0 AWG - per Foot					\$ 0.03	\$ 23.92	8.4.4
350 kcmil - per Foot					\$ 0.05	\$ 33.18	8.4.4
500 kcmil - per Foot					\$ 0.05	\$ 36.97	8.4.4
750 kcmil - per Foot					\$ 0.08	\$ 56.65	8.4.4
Per 100 Sq Ft Cage			\$ 23.34				
Per Cageless or Virtual Bay			\$ 2.92				

- Notes:
- (a) Sprint's \$14.94 Power Plant rate includes AC usage for DC power plant. Sprint's power charge for HVAC is included in our floor space charges.
 - (b) Sprint's comparable charges include a 50 amp power feed.
 - (c) Sprint's engineering charges are included with specific line sharing elements.
 - (d) Excluding NID

REVISED CONFIDENTIAL EXHIBIT RGF-3R NOT INCLUDED
PROVIDED TO ALL PARTIES WHO HAVE SIGNED THE PROTECTIVE ORDER

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE)
INVESTIGATION INTO QWEST)
CORPORAION'S COMPLIANCE WITH)
CERTAIN WHOLESALE PRICING)
REQUIREMENTS FOR UNBUNDLED)
NETWORK ELEMENTS AND RESALE)
DISCOUNTS)

DOCKET NO. T-00000A-00-0194

AFFIDAVIT OF RANDY FARRAR

STATE OF KANSAS)

COUNTY OF JOHNSON)

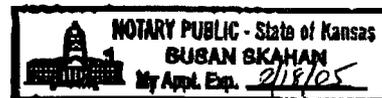
Randy Farrar, of lawful age being first duly sworn, deposes and states:

- 1. My name is Randy Farrar. I am employed as Senior Manager – Network Costs for Sprint/United Management Company. I have caused to be filed written testimony and exhibits in support of Sprint Communications Company, L.P. in Docket No. T-00000A-00-0194.
- 2. I hereby swear and affirm that my answers contained in the attached Summary and Surrebuttal Testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Further affiant sayeth not.

Randy G. Farrar
Randy Farrar

Subscribed and sworn to before me this 25th day of May 2001.



Susan Skahan
Name: SUSAN SKAHAN
Notary Public in and for the
State of KANSAS
residing at JOHNSON COUNTY

My Commission expires: 2/18/05

CERTIFICATE OF SERVICE

I hereby certify that on July 25, 2001, I placed the foregoing Summary of Direct Testimony and Surrebuttal Testimony and Exhibits of Randy G. Farrar on behalf of Sprint Communications Company L.P. via overnight delivery to the following addressees:

The Honorable William A. Mundell,
Chairman
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

The Honorable Lyn Farmer,
Chief Administrative Law Judge
ACC – Hearings Division
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Phoenix, AZ 85007

The Honorable Jim Irvin
Commissioner
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