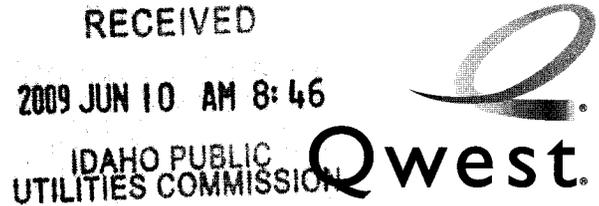


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**Alex M. Duarte**  
Corporate Counsel



June 9, 2009

**VIA UPS NEXT DAY DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

**RE: Docket No. QWE-T-08-07**

Dear Ms. Jewell:

Enclosed for filing with this Commission are nine copies of Qwest's Direct Testimony on Rebuttal of Qwest witnesses Renee Albersheim, Rachel Torrence and Victoria Hunnicutt, and confidential exhibit thereto.

Qwest's Confidential Exhibit 11, and Qwest's Confidential Page 22 to the Rebuttal Testimony of Renee Albersheim are being filed separately and under an Attorney's Certificate.

If you have any questions, please contact me. Thank you for your cooperation in this matter.

Very truly yours,



Alex M. Duarte

Enclosures  
cc: Parties of Record

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing **DIRECT REBUTTAL TESTIMONY OF QWEST WITNESSES RENEE ALBERSHEIM, RACHEL TORRENCE, and VICTORIA HUNNICUTT** (together with exhibits as noted) was served on the 9<sup>th</sup> day of June, 2009 on the following individuals:

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Alex M. Duarte  
Attorney for Qwest Corporation

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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF QWEST )  
CORPORATION'S PETITION ) CASE NO. QWE-T-08-07  
FOR APPROVAL OF NON-IMPAIRED )  
WIRE CENTER LISTS PURSUANT TO )  
THE TRIENNIAL REVIEW REMAND )  
ORDER )  
\_\_\_\_\_ )

DIRECT REBUTTAL TESTIMONY OF VICTORIA HUNNICUTT  
QWEST CORPORATION

JUNE 10, 2009

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**I. IDENTIFICATION OF WITNESS**

**Q: PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH QWEST CORPORATION.**

A: My name is Victoria Hunnicutt. My business address is 1801 California Street, Denver, Colorado. I am employed by Qwest Corporation as a Director supporting costs and issues management.

**Q: DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY IN THIS CASE ON APRIL 17, 2009?**

A: Yes, I did.



1     **III.    CLARIFICATION OF UNE-TO-PRIVATE LINE SERVICE CONVERSIONS**

2           **Q:    DO THE JOINT CLECs AGREE WITH QWEST’S ASSERTION THAT**  
3 **THE FORMERLY-AVAILABLE UNE SERVICES MUST BE CONVERTED TO AN**  
4 **ALTERNATIVE, NON-UNE ARRANGEMENT AS A RESULT OF A NON-**  
5 **IMPAIRMENT AFFIRMATION BY THIS COMMISSION?**

6           A:    Yes, but only if the CLEC *requests* to remain on Qwest facilities. The Joint  
7 CLECs, through Mr. Denney in his Direct Testimony, agree that a “conversion [is possible]  
8 when a circuit that was formerly available as a UNE must be converted to a non-UNE  
9 alternative arrangement, as the result of a finding of ‘non-impairment.’”<sup>2</sup> For clarification,  
10 two corrections need to be made to Mr. Denney’s characterization of UNE-to-private line  
11 conversions. First, in quoting Mr. Denney above, I replaced “happens” with “is possible.”  
12 Mr. Denney implies that the conversion automatically occurs without affirmative input from  
13 the CLEC leasing the facilities. Qwest cannot assume the CLEC leasing the facilities wants  
14 to remain on Qwest facilities and thus unilaterally convert CLEC-leased facilities. Choosing  
15 to remain on Qwest’s facilities and choosing the non-UNE services that the former UNEs are  
16 converted to are business decisions that only the CLEC leasing the Qwest facilities can make.

17           Second, a key variable is missing from Mr. Denney’s conversion definition: *choice*.  
18 With a finding of non-impairment, there is affirmation that competition exists, thereby  
19 recognizing the fact that CLECs have alternatives to remaining on Qwest’s facilities. Should  
20 the CLEC decide it is in its best interests to remain on Qwest facilities, in lieu of its other  
21 options, the CLEC then formally requests to do so.

---

<sup>2</sup> Denney Direct, at page 50, lines 13-15.

1 To summarize, clarify and correct Mr. Denney's statement (at page 50, lines 13-15),  
2 I would say as follows: A UNE-to-private line conversion is *one* of *three* options available to  
3 the CLEC as a result of a finding of non-impairment. That is, a circuit that was formerly  
4 available as a UNE must either be (1) obtained through Qwest by formally requesting the  
5 conversion of former UNE services to non-UNE alternative arrangements on Qwest's  
6 facilities, (2) obtained through facility providers other than Qwest, or (3) obtained through  
7 self-provisioning the facilities.

8 **Q: WILL THE CLECs BEAR THE TOTAL COSTS ASSOCIATED WITH**  
9 **THE CONVERSION, AS MR. DENNEY IMPLIES?<sup>3</sup>**

10 A: No, they will not. The UNE-to-private line conversion rate is a *negotiated*  
11 rate. As a result, both parties bear the costs incurred as a result of the conversion process. In  
12 the case of the \$25 conversion charge, however, Qwest actually assumes a larger portion of  
13 the conversion costs incurred.

14 **Q: DO THE JOINT CLECs ACKNOWLEDGE THE FACT THAT THE**  
15 **\$25 UNE-TO-PRIVATE LINE CONVERSION RATE IS A NEGOTIATED RATE**  
16 **VERSUS A COST-BASED RATE?**

17 A: Yes, as confirmed through Mr. Denney's Direct Testimony, the Joint CLECs  
18 concede that the \$25 UNE-to-private line conversion charge was agreed to during a

---

<sup>3</sup> Denney Direct, at page 62, lines 23-24.

1 negotiations process, and Mr. Denney further states that the CLECs agreed to allow Qwest  
2 “leeway as to how it implements that charge.”<sup>4</sup>

3 **Q: HOW DID QWEST CHOOSE TO IMPLEMENT THE UNE-TO-**  
4 **PRIVATE LINE CONVERSION RATE?**

5 A: The negotiated UNE-to-private line conversion rate be found in Qwest’s FCC  
6 No. 1 tariff, in Section 5.2.2(C), Design Change Charge. This rate has been in effect and has  
7 remained unchallenged since April 29, 2006.

8 **Q: IS QWEST’S IMPLEMENTATION OF THIS CONVERSION RATE**  
9 **APPROPRIATE?**

10 A: Yes. Mr. Denney acknowledges (as shown above) that Qwest was given  
11 “leeway” by the CLECs to choose how to implement the negotiated rate, but the Joint CLECs  
12 (by way of Mr. Denney’s Direct Testimony) then criticize Qwest’s implementation of that  
13 same rate.<sup>5</sup> Although Mr. Denney implies otherwise, for Qwest’s special access customers,  
14 including Qwest’s retail customers who purchase out of Qwest’s special access tariff, the  
15 Design Change Charge is applicable when the “customer requests a design change to the  
16 service ordered” *and* when a CLEC requests a “conversion of a UNE circuit to a special  
17 private line service.”<sup>6</sup> This would have been apparent in Mr. Denney’s Direct Testimony<sup>7</sup>

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<sup>4</sup> Denney Direct, at page 64, fn. 93 (“The CLECs did agree to a \$25 charge and allowed Qwest leeway as to how it implements that charge, which Qwest has chosen to do so through the Federal tariff and a factor.”).

<sup>5</sup> Denney Direct, at page 65, lines 6-7.

<sup>6</sup> See Qwest Tariff FCC No. 1, Section 5.2.2(C), which states:

Design Change Charge

The customer may request a design change to the service ordered. A design change is any change to an

1 had he not neglected to include the last sentence in his citation of the Design Change Charge  
2 definition. The final sentence states: “The Design Change Charge *also* covers activities  
3 associated with the conversion of a UNE circuit to a special private line service.” (Emphasis  
4 added.)

5 **Q: SHOULD QWEST FILE COST SUPPORT TO SUBSTANTIATE ITS**  
6 **PROPOSAL TO CHARGE CLECs FOR UNE-TO-PRIVATE LINE CONVERSIONS,**  
7 **AS MR. DENNEY IMPLIES?<sup>8</sup>**

8 A: No, it would not be appropriate to file a cost study here for a federally-tariffed  
9 rate. Further, more importantly, and as mentioned above, the UNE-to-private line rate is a  
10 *negotiated* rate to help cover costs incurred as a direct result of the CLEC-requested  
11 conversion process. It is not a cost-based rate.

---

Access Order which requires engineering review. An engineering review is a review by Company personnel of the service ordered and the requested changes to determine what change in the design, if any, is necessary to meet the changes requested by the customer. Design changes include such things as a change of end user premises within the same serving wire center, the addition or deletion of optional features, functions, BSEs or a change in the type of Transport Termination (Switched Access only), type of channel interface, type of Interface Group or technical specification package. The Design Change Charge also covers activities associated with the conversion of a UNE circuit to a special private line service.”

This section of Qwest’s FCC tariff can be accessed at:

[http://tariffs.qwest.com:8000/idc/groups/public/documents/tariff/fcc1\\_s005p021.pdf#Page=1&PageMode=bookmarks](http://tariffs.qwest.com:8000/idc/groups/public/documents/tariff/fcc1_s005p021.pdf#Page=1&PageMode=bookmarks)

<sup>7</sup> Denney Direct, at page 65, lines 10-19.

<sup>8</sup> Denney Direct, at page 63, lines 16-17.

1           **Q:   MR. DENNEY REFERS TO SECTION 7 OF THE FCC NO. 1 TARIFF**  
2 **IN HIS DISCUSSION OF QWEST’S “INTERSTATE ACCESS DESIGN CHANGE**  
3 **CHARGE.”<sup>9</sup> IS THIS SECTION OF THE TARIFF APPLICABLE TO THE UNE-**  
4 **TO-PRIVATE LINE CONVERSION CHARGE?**

5           A:   No, the section that Mr. Denney references has no reference to, nor does it  
6 include, the UNE-to-private line conversion charge. The correct section of Qwest’s FCC No.  
7 1 tariff is section “5.2.2(C) Design Change Charge.” Apparently from Mr. Denney’s  
8 excerpt, the section is referring to “administrative changes,” not activities associated with the  
9 conversion of a UNE circuit to a special private line service as specifically indicated in the  
10 definition of “Design Change Charge” in section 5.5.2.

11           **Q:   MR. DENNEY ASSERTS THAT “QWEST REQUIRES CLECs TO**  
12 **PLACE AN ORDER.”<sup>10</sup> DO YOU AGREE WITH HIS ASSERTION?**

13           A:   No, I do not agree at all. For the same reasons, I do not agree with Mr.  
14 Denney’s assertion that the conversion, and thus, its requisite processes, is “not a change  
15 requested by a CLEC.”<sup>11</sup> Although Qwest would prefer to retain a CLEC as a customer, it  
16 cannot “require” a CLEC to remain on its facilities. With a finding of non-impairment, there  
17 is affirmation that competition exists, thereby recognizing the fact that CLECs have  
18 alternatives to remaining on Qwest’s facilities. Should a CLEC decide it is in its best

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<sup>9</sup> Denney Direct, at page 64, lines 4-7 and fn. 93.

<sup>10</sup> Denney Direct, at page 66, line 5.

<sup>11</sup> Denney Direct, at page 68, lines 6-7.

1 interests to remain on Qwest facilities, in lieu of its other options, the CLEC then formally  
2 requests to do so.

3 Further, the FCC, in both the *TRO* (*Triennial Review Order*) and the *TRRO*, referred  
4 to the CLEC as the “requesting carrier,” a label referred to numerous times arising from the  
5 fact that the CLEC makes a conscious business decision in light of competition to *request* to  
6 remain on Qwest’s facilities, thereby forgoing its other options of availing itself of other  
7 facilities in a marketplace that is deemed competitive, or of self-provisioning with its own  
8 facilities.<sup>12</sup> This CLEC decision to either remain on Qwest’s facilities, both expected by the  
9 FCC and initiated by the CLEC, clearly demonstrates that the CLEC determines whether or  
10 not the conversion will take place.

11 **Q: MR. DENNEY POINTS OUT<sup>13</sup> THAT THE RATE DOES NOT**  
12 **REFLECT THE TASKS INVOLVED IN THE CONVERSION. DO YOU AGREE**  
13 **WITH HIS OBSERVATION?**

14 A: Yes, I do, but for completely different reasons. Qwest maintains, and the  
15 Joint CLECs have confirmed, that the \$25 UNE-to-private line conversion charge is a  
16 negotiated rate, *not* a cost-based rate. In recognition of the fact that this is not a cost docket,  
17 nor is it the proper venue for a fact-intensive inquiry as to the reasonableness of a federally-  
18 tariffed rate, along with the fact that the \$25 conversion rate is a negotiated rate, Qwest did  
19 not submit a cost study in support of the \$25 rate amount. Having said that, however, and as

---

<sup>12</sup> The following phrase is but one example of the many instances in the *TRO* and *TRRO* where the FCC has referred to the CLEC as the “requesting carrier”: “. . . the list of UNEs that incumbent LECs must provide to *requesting carriers* . . .” *TRRO*, ¶ 10, at p. 8. (Emphasis added.)

<sup>13</sup> Denney Direct at page 66, line 9 through page 67, line 16.

1 a show of good faith that Qwest incurs substantial costs in the conversion process, I have  
2 previously summarized in my direct testimony the myriad tasks that Qwest employs in a  
3 proven conversion process. Furthermore, this \$25 rate amount reflects only a fraction of the  
4 costs that Qwest incurs.

5 **Q: MR. DENNEY ADVOCATES<sup>14</sup> THAT THE CONVERSION RATE**  
6 **SHOULD BE “SET TO ZERO.” HOW DO YOU RESPOND TO THIS ARGUMENT?**

7 A: I respond in three parts: (1) the \$25 UNE-to-private line conversion rate is a  
8 negotiated rate that is included in multiple interconnection agreements, (2) a “zero rate”  
9 would be unreasonably discriminatory to other, similarly-situated carriers, which is  
10 disallowed under the FCC Rules,<sup>15</sup> and (3) the resulting effect of a “zero rate” on economic  
11 incentives and its impact on facilities-based competition does not support the preferable goal  
12 of the Act.

13 To begin, the \$25 UNE-to-private line conversion rate was agreed to in negotiations,  
14 and is included in 146 interconnection agreements across Qwest’s 14-state region. Of the  
15 146 agreements providing the element at that \$25 rate, eight of the approved agreements are  
16 with CLECs operating in Idaho.

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<sup>14</sup> Denney Direct, at page 52, line 3.

<sup>15</sup> The FCC is specific in its discussion of transitional pricing issues:

Congress established a pricing standard under section 252 for network elements unbundled pursuant to section 251 *where impairment is found to exist*. Here, however, we are discussing the appropriate pricing standard for these network elements where there is no impairment. Under the no impairment scenario, section 271 requires these elements to be unbundled, but not using the statutorily mandated rate under section 252. As set forth below, we find that the appropriate inquiry for network elements required only under section 271 is to assess whether they are priced on a just, reasonable and not unreasonably discriminatory basis – the standards set forth in sections 201 and 202. *TRO*, ¶ 656, at p. 409. (Emphasis in original.)

1 Next, as stated by the FCC,<sup>16</sup> where non-impairment is affirmed, the appropriate  
2 inquiry for network elements is to assess whether they are priced on a just, reasonable and  
3 *not unreasonably discriminatory basis*. Therefore, requiring Qwest to perform services  
4 requested by the CLEC at no charge in a non-impaired marketplace, as Mr. Denney  
5 advocates, would have the effect of forcing Qwest to unreasonably discriminate against other  
6 similarly-situated carriers (e.g., interexchange carriers) who are charged the Design Change  
7 Charge for changes to their existing facilities.

8 Finally, if Qwest were not allowed to charge a CLEC for the costs incurred to  
9 perform the conversion per the CLEC's request, the CLEC's economic assessment of the  
10 alternatives would be distorted. This could possibly lead the CLEC to choose Qwest's  
11 facilities in situations where another alternative, such as the CLEC self-provisioning its own  
12 facilities, is more economically sustainable and would further the preferable goal of the Act  
13 (specifically, "genuine, facilities-based competition").<sup>17</sup>

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<sup>16</sup> TRO, ¶ 656, at p. 409.

<sup>17</sup> The D. C. Circuit summarized the purpose of the Act when it stated:

After all, the purpose of the Act is not to provide the widest possible unbundling, or to guarantee competitors access to ILEC network elements at the lowest price that government may lawfully mandate. Rather, *its purpose is to stimulate competition—preferably genuine, facilities based competition.*" (Emphasis added.) *United States Telecommunications Association v. FCC*, 359 F.3d 554 (D.C. Cir. 2004) ("*USTA II*").

1           **Q:    HAVE STATES, OTHER THAN CALIFORNIA AND COLORADO,<sup>18</sup>**  
2           **ALLOWED ILECs TO CHARGE FOR CONVERTING UNE SERVICES TO**  
3           **ALTERNATIVE FACILITIES OFFERED BY THE ILEC?**

4           A:    Yes. As mentioned above, the UNE-to-private line rate is a *negotiated* rate  
5           and exists in 146 interconnection agreements throughout Qwest's 14-state region, including  
6           eight interconnection agreements in Idaho. Further, other ILECs charge for the UNE-to-  
7           private line conversion. For example, Verizon's template interconnection agreement<sup>19</sup>  
8           includes charges for conversions from UNE services to special access services,<sup>20</sup> which  
9           include a conversion service order charge, a per circuit charge for the conversion, and, if  
10          applicable, a circuit re-tag charge per circuit.<sup>21</sup>

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<sup>18</sup> Denney Direct, at page 70, line 3 through page 71, line 18.

<sup>19</sup> An example of Verizon's template interconnection agreement can be obtained at:  
<http://www.puc.state.nh.us/telecom/Filings/Interconnection%20Agreements/DT%2007-091%20Neutral%20Tandem%20NH.pdf>

<sup>20</sup> *Id.* at pages 16 and 17.

<sup>21</sup> *Id.* at page 135.

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#### IV. CONCLUSION

**Q: PLEASE SUMMARIZE YOUR TESTIMONY.**

A: In summary, I have addressed Mr. Denney's assertions regarding Qwest's charge to convert an unbundled network element ("UNE") service to a private line or special access service in those Idaho wire centers that have been designated "non-impaired" pursuant to the *TRRO*. In doing so, I have demonstrated that choosing to remain on Qwest's facilities, and requesting a UNE-to-private line conversion is only one of three options available to the CLECs as a result of a finding of non-impairment. Should the CLEC decide it is in its best interests to remain on Qwest facilities once the UNE services are no longer available after a finding of non-impairment, the CLEC then submits a request formally acknowledging its choice to remain on Qwest's facilities, and the conversion process begins.

Moreover, as a direct result of converting CLEC circuits from UNE services to non-UNE services, Qwest incurs costs. In recognition of these costs, Qwest and numerous CLECs in those states that initially had *TRRO* non-impairment proceedings pending before their state utility commissions negotiated a \$25 rate to offset the costs that Qwest incurs (i.e., the costs are shared between the CLEC and Qwest). Further, in that same negotiation process, it was agreed to allow Qwest "leeway" in how it implements the conversion rate. Thus, the conversion rate is a *negotiated* rate, and *not* a cost-based rate, nor is the negotiated rate required to be substantiated by its associated costs.

Finally, in a non-impaired marketplace, the non-UNE elements are not bound by UNE pricing standards. Instead, the appropriate pricing standard is to assess whether the element is priced on a just, reasonable and *not unreasonably discriminatory* basis, which

1 would *not* be the case if the conversion was a “zero rate.” Further, since this rate is a  
2 *federally-tariffed* rate, the assessment falls under the FCC’s jurisdiction, not this  
3 Commission’s jurisdiction.

4 For these reasons, Qwest is merely asking that the Commission simply acknowledge  
5 that Qwest is entitled to be compensated, at least in part, for the costs incurred in the  
6 demonstrated, seamless conversion from UNE services to alternative services (such as  
7 finished private line services). Qwest makes this request with the hope that such  
8 acknowledgement will serve the FCC’s goal of encouraging ILECs and CLECs to negotiate  
9 in good faith regarding any *rates*, terms, and conditions necessary to implement the FCC rule  
10 changes,<sup>22</sup> and to ensure that parties do not engage in unnecessary delay in implementing the  
11 FCC’s rule changes,<sup>23</sup> through litigation or by other means.

12 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

13 **A:** Yes, it does.

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<sup>22</sup> See *TRRO*, ¶ 233, at page 133.

<sup>23</sup> See *TRRO*, ¶ 233, at page 133.