# BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In the Matt	er of : DOCKET NO. 980696-TH
Determination of basic local telec service, pursuant Section 364.025, Statutes.	communications : to Section :
	VOLUME 14
Ра	ges 1545 through 1624
PROCEEDINGS :	HEARING
BEFORE :	CHAIRMAN JULIA L. JOHNSON COMMISSIONER J. TERRY DEASON COMMISSIONER SUSAN F. CLARK COMMISSIONER JOE GARCIA
	COMMISSIONER E. LEON JACOBS, JR.
DATE:	Wednesday, October 14, 1998
TIME:	Commenced at 9:00 a.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY: BUREAU OF REPORT	MARY ALLEN NEEL, RPR
RECEIVED 10-15-	18

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FPSC-FECOROS/REPORTING

APPEARANCES: (As heretofore noted.)

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### BRIAN K. STAIHR

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1	PROCEEDINGS
2	(Transcript follows in sequence from
3	Volume 13.)
4	Q (By Mr. Lamoureux) Let me just follow up
5	one question to that. The square that you just
6	mentioned, that's this road reduced distribution area;
7	right?
8	A Yes.
9	Q Okay. Now, am I correct that the algorithm
10	for how BCPM lays plant is that it goes horizontal
11	first, then vertical?
12	A Usually, yes. You can work with that.
13	Q Well, I want to ask you a question about
14	something you mentioned, which is unpopulated
15	quadrants. I want to assume the wire center is down
16	here, and the ultimate grid is up here. Okay?
17	A Okay.
18	Q And let's say it has got these four
19	quadrants, and the only one that's populated is this
20	bottom right quadrant. Okay? So I'll put the road
21	reduced distribution area in there.
22	The way plant would be laid in this example
23	is, it would go horizontal from the wire center first;
24	right? I mean yes, horizontal, then vertical up to
25	the quadrant, and then it would have to go horizontal

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again and then vertical back down to the road reduced 1 distribution area? 2 No. I'm afraid you've confused feeder 3 A plant and distribution plant. The first two lines 4 5 that you drew would be feeder. Okay? б 0 Okay. 7 As I showed in my presentation two days A ago, it may be that the feeder goes straight, or it 8 9 may be that the feeder tilts. It depends on what other ultimate grids are up there north and west of 10 11 that grid. It depends on where the feeder is being steered or not as to whether it goes at an angle or 12 whether it goes rectilinearly. It also depends --13 that might not even be fed by feeder. It might be fed 14 15 by subfeeder, and subfeeder can angle off at different 16 angles, again depending on what's most efficient. 17 0 So if there's another ultimate grid next 18 door --And above? 19 A

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- Q And above.
  - A Yes.

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Q Okay. You're saying that the cable could first be run from the wire center into another microgrid -- I mean into another ultimate grid, and then cable be run from that ultimate grid into this

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ı	built.
2	If it works that most people are up here,
3	we want to get directly to the most people. We'll go
4	straight up and then build subfeeder over. It
5	completely depends on the layout of population in this
6	wire center, which I may point out, is very different
7	from your model.
8	Q But in no event, though, will
9	COMMISSIONER DEASON: Excuse me. Let me
10	ask one question.
11	MR. LAMOUREUX: Sure.
12	COMMISSIONER DEASON: Does the model do
13	the model has within it the functionality to make that
14	determination, or is there engineering judgment
15	involved?
16	THE WITNESS: There is engineering judgment
17	involved, and that has actually been determined,
18	whether it steers or whether it goes, in the
19	preprocessing.
20	Now, to the extent that we would want to
21	change that, it would actually make a lot of sense if
22	we wanted to change that if Florida-specific
23	information were known with regard to the population
24	distribution. And as I showed you in those pictures,
25	you can see where our feeder is going. If you see it

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1 angles, but you say, "Hey, no, we know the people are 2 over here," we can change that in the preprocessing 3 and do it, but right now it's already done. MR. LAMOUREUX: The first --4 5 COMMISSIONER DEASON: Let me follow up. б MR. LAMOUREUX: Sure. 7 COMMISSIONER DEASON: During the preprocessing, is there an engineer that actually 8 looks at what is produced to see if it's rational from 9 10 an engineering viewpoint? 11 THE WITNESS: Yes, absolutely. We have two 12 specific engineers, Jim Schaaf, S-c-h-a-a-f, and Jim Dunbar. Dunbar is a Sprint guy, and Schaaf is a 13 14 Pack-Bell guy. They're both outside plant engineer 15 types. They look at how the feeder is laid out, given 16 the population distributions in the ultimate grids. 17 And they have determined that when you've got nobody 18 in the middle and people over here at a certain angle, 19 it makes sense to steer it, and at a certain 20 percentage of the population, it makes sense to steer 21 it. They put together that algorithm that's used for the results here in Florida. 22 23 COMMISSIONER CLARK: I'm sorry. I still don't understand. 24

THE WITNESS: Okay.

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1 COMMISSIONER CLARK: Commissioner Deason asked you if it was an engineering judgment or the 2 model did it. What's your answer to that? 3 THE WITNESS: The answer -- I apologize if 4 it wasn't clear. It is engineering judgment that has 5 б already been done. It can be changed, but it has 7 already been done. 8 COMMISSIONER CLARK: When you say it has 9 already been done, do you mean it's in the model?

10 THE WITNESS: I mean it was done in the 11 preprocessing and it's in the model.

I don't mean to be confusing. I'm not surewhat you are asking.

14 COMMISSIONER CLARK: Well, I took it to mean that when you have the situation described on the 15 board there, and you indicated that the feeder line or 16 17 whatever, the thing coming out of the central office 18 will angle because of population. Does somebody look 19 at that in advance, and does some -- it changes the 20 inputs into the model, or do they simply take what the population is indicated by the grids, put that in the 21 model, and the model takes care of it? 22

THE WITNESS: No. It was looked at in advance. It was decided ahead of time that this feeder would go at an angle, because looking at all

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the grids as they get laid out, we know the population is up here at an angle. So it was decided ahead of time. And when you look at the inputs to the model, that input will reflect in terms of the length of the feeder that it was tilted and not built rectilinearly. COMMISSIONER CLARK: Let me ask it another

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way. Perhaps what you're saying is that -- when you say it was decided ahead of time, you're saying when the population from a wire center is up here at an angle, you will input it in such a way that the model will take into account the fact that it's up here, but you have to look at it before you input it.

> THE WITNESS: Yes, and we did. Yes. COMMISSIONER CLARK: All right.

COMMISSIONER DEASON: But when you actually 15 -- in real life, when you get ready to lay that cable, 16 assuming you're building a whole new network, it's 17 going to be -- you obviously have to have a right of 18 way or easement or something. You've got to follow 19 roads. So just that straight angle may -- the actual 20 length to get to that population center is probably 21 going to be greater than the actual direct angle. How 22 do you compensation, or do you compensate for that? 23 THE WITNESS: That's certainly possible. 24

And if I can refer you back to that picture that I had

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1	of Pompano Park, Pompano Beach I forgot the second
2	word. Pompano Park, that was part of my presentation,
3	the layout of the I don't know if you have that,
4	sir.
5	COMMISSIONER GARCIA: Which one is that?
6	THE WITNESS: Which
7	COMMISSIONER GARCIA: Which page?
8	THE WITNESS: Page 17.
9	COMMISSIONER GARCIA: Seventeen?
10	THE WITNESS: I've got it right up here
11	too. Actually, even okay. We know that that's the
12	layout of the wire center. Okay? And we know I'm
13	sorry.
14	(Mr. Rehwinkel distributes documents to the
15	Commissioners.)
16	THE WITNESS: We know that's the shape. We
17	know that we have to keep the feeder inside the land
18	area of that wire center. So it makes sense to tilt
19	it, especially if you look at the next page and you
20	see where all the roads are in Pompano Park, and
21	they're all up there in that northwest corner.
22	COMMISSIONER DEASON: I'm sorry. What is
23	this supposed to show me? That you do follow roads,
24	or that
25	THE WITNESS: It's supposed to show that we

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1 don't go outside the wire center boundary, and it's supposed to show that if we were building this feeder 3 from scratch in the most efficient way, we would steer it right toward where the most people are. That is 5 the done in the model. It's a pretty neat device. This is just an example of doing that. 6

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COMMISSIONER CLARK: Well, the question is, does it or does it not follow roads?

9 THE WITNESS: The feeder? It is not 10 necessarily supposed to follow roads, given the FCC's 11 criteria. Feeder is supposed to be laid out in however you define the most efficient way. That may 12 or may not follow roads. 13

And I agree, that isn't necessarily 14 15 realistic. To the extent that's not realistic, that's 16 one case where the Florida Commission may have a 17 different opinion than the FCC, and I understand. And 18 as I said, we can adjust. The FCC wants it to be laid 19 out in the most efficient way possible.

20 COMMISSIONER DEASON: But that methodology then would have a tendency to keep costs lower than 21 22 they otherwise would be?

THE WITNESS: It would, because what you're doing is, you're maximizing the shared portion of the 25 network. Feeder being shared by the majority or the

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1	maximum number of people up there in the corner of
2	Pompano Park, that's what you want to do.
3	Q (By Mr. Lamoureux) I just want to be clear
4	about one thing. When you were talking about I'm
5	sorry.
6	COMMISSIONER CLARK: Keep talking. Turn it
7	on and keep talking.
8	Q (By Mr. Lamoureux) When you were talking
9	about the Hatfield Model, you drew a distinction
10	between what goes on in the preprocessing and what
11	goes on in the model; right?
12	A Yes, sir.
13	Q So the determination in BCPM of whether
14	this cable whether this path goes straight,
15	horizontal and vertical, or whether it goes diagonal,
16	that's done in the preprocessing?
17	A The determination is, yes. Now, whether or
18	not it's used as opposed to using the locations, this
19	is certainly used in our model, where the locations
20	aren't used in yours.
21	Q But the determination is done in the
22	preprocessing of BCPM?
23	A Yes, it is.
24	Q It's not done in the model?
25	A Right. If we were to do that in the model,

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1 it wouldn't fit on any computer that the Staff has. 2 Q Now, in any event, whether it goes 3 horizontal and vertical or diagonal, the first point of entry into an ultimate grid is the center of the 4 5 ultimate grid; correct? 6 A Okay. The first point of entry -- I don't 7 think you meant first point of entry. Did you mean the point at which the feeder connects to the 8 distribution center? 9 10 0 Yes, yes. That is at the road centroid of the 11 A ultimate grid, which may or may not be the 12 13 center. Okay. And then from that road centroid, it 14 0 will go horizontal and then vertical to get to the 15 16 centroid of the road reduced distribution area? 17 A That's correct. 18 0 So even if it goes diagonal, there's still going to have to be some backtracking horizontally and 19 vertically to get into centroid of this road reduced 20 distribution area? 21 A Well, the way you've drawn this one, there 22 23 is. There doesn't necessarily have to be any 24 backtracking at all. 25 Is it possible that it could go straight 0

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from the wire center into the centroid of the road 1 2 reduced distribution area? Are you saying does feeder -- I'm asking to A 3 make sure I understand your question. Does feeder 4 pass by distribution areas as it goes to other 5 places? Yes, in the real world it does, and in our 6 7 model it does. COMMISSIONER JACOBS: While he's getting 8 set, could you look at the Pompano Park description 9 again? Tell me how we get that line coming out about 10 midway -- the box that's marked 688, I assume that's a 11 census block marked, but I'm not certain. 12 THE WITNESS: This one? 13 COMMISSIONER JACOBS: Yes. 14 THE WITNESS: Right there? 15 COMMISSIONER JACOBS: What gets that line 16 out of there going back down towards the other grids? 17 THE WITNESS: Okay. What happens is, in 18 the picture you've got, the central office is located 19

at that intersection just to the Jeft of that line. The feeder will emanate from the central office for a little ways north, south, east, and west. And because we have to get feeder to that grid anyway, it just so happens it goes right to that grid. It's laid out that way.

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So that is just one of the main feeder 1 cables leaving out of the central office at a north, 2 south, east, direction and going right to feed that 3 grid. 4 COMMISSIONER JACOBS: Okay. And so the one 5 that goes -- I assume that's east and then south 6 again, that's going to be -- what kind of line is 7 that, now? 8 THE WITNESS: Feeder. That's also feeder. 9 COMMISSIONER JACOBS: Okay. So you'll have 10 -- that's what you're saying, is that from the central 11 office you have feeder going -- okay. 12 THE WITNESS: I think -- let me rephrase 13 something and see if I have the point that you're kind 14 of at. Instead of tilting right away, it goes a 15 little ways and then tilts. 16 We built that into the model because we 17 assume the central office is basically in the center 18 of town. From our experience, it usually is. It's 19 efficient where you've got a lot of people to go out 20 at the compass points. But then where people start to 21 spread out, it may be more efficient to angle. 22 So the way the model works, the feeder goes 23 for 10,000 feet at the compass points, and then it 24 will either split, not split, or tilt, not tilt, 25

1	depending on what's most efficient. That's why it
2	goes out and then tilts.
3	Q (By Mr. Lamoureux) Dr. Staihr, do you know
4	how prevalent it is in Florida where there's a
5	situation where, because of unpopulated quadrants,
6	there has to be some what I call backtracking of the
7	distribution to get into the road reduced distribution
8	area from the centroid of the ultimate grid?
9	A No, I don't.
10	Q I want to talk a little bit about your
21	rebuttal testimony.
12	A Okay.
13	Q On page 3 well, starting at page 2, I
14	guess, you talk about the Kentucky and the Louisiana
15	proceedings?
16	A Yes, sir.
17	Q On page 3 in particular, you say that the
18	Kentucky Public Service Commission did not have access
19	to Sprint's ex parte filings dealing with the minimum
20	spanning tree analysis.
21	A Yes, sir. During my deposition, you
22	corrected me on that.
23	Q So you are aware that the Kentucky Public
24	Service Commission had access to Sprint's ex parte
25	filing?

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1 I'm aware that they had access after the A proceedings were concluded and that it was part of a 2 motion for reconsideration. 3 4 0 You're aware that attached to BellSouth's 5 motion for reconsideration were Sprint's ex parte 6 filings? 7 A That's what you told me, yes, sir. Are you aware that the Kentucky Public 8 0 9 Service Commission declined to reconsider its decision to choose the Hatfield Model? 10 11 That's my understanding, yes. A Are you aware also that Sprint in Tennessee 12 0 filed a motion to reopen the hearing in Tennessee as a 13 result of the ex parte filings by Sprint? 14 15 A Yes, as a matter of fact I am. 16 0 And in fact, you filed an affidavit as part 17 of that motion, didn't you? Yes, I did. 18 A 19 And are you aware that the Tennessee 0 Regulatory Authority declined to reopen the hearing? 20 21 A Yes. I'm also aware of the reason why. Q And what was that? 22 23 A It was because they said I could have gotten on a plane and gotten down there in time to 24 25 join in the proceeding.

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In fact, the ex parte filings were filed 1 2 before the hearing in Tennessee, weren't they? I'll take your word for that. I don't know 3 A for sure, but I believe you. 4 5 Okay. And Sprint did not present its 0 minimum spanning tree analysis in the hearing in 6 7 Tennessee, did it? A No, it did not. 8 I want to turn to page 8 of your rebuttal, 9 0 10 if I may. And this is where I think you're talking about running the BCPM with some geocoded information. 11 Yes, we did run the BCPM using geocoded 12 information. 13 14 Q Now, did you actually assign individual customer locations within each microgrid, or did you 15 assign counts to each microgrid based on the geocoded 16 information? 17 We assigned individual customer locations 18 A to latitudes and longitudes. Because a microgrid is 19 determined by latitude and longitude, that determined 20 which microgrid they went into. From that point, we 21 22 proceeded just like the BCPM does. You've got a 23 certain number of customers in a microgrid, and they were put the re using geocoding. 24 Okay. But BCPM, when it goes through its 25 0

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process of compositing up to ultimate grids from microgrids, it doesn't use individual latitudes and longitudes for individual customer locations, does it?

Well, no, sir. It doesn't use geocoded A data normally.

Okay. And all I'm trying to get at is, 0 when you did geocoded information in the BCPM, all you did was, you assigned counts to each microgrid based on the presence of geocoded information in that microgrid.

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A That's correct.

So all you did was, instead of the counts 12 0 that you might have gotten from the road mileage, you 13 used counts of customers based on geocoded 14 information? 15

Yes, that's correct. And it's important to 16 A note that any distortion that might have occurred 17 after placing those in the microgrids is substantially 18 less than the corresponding distortion that would 19 occur in the HAI model. 20

Where did you get the geocoded points to be 0 able to do this?

We got them from our own customer 23 А 24 addresses.

So Sprint has its own geocoded information?

A It has its own geocoded information for some areas of Florida. That's one of the reasons we picked these three wire centers, because they had good geocoded information.

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Q Now, is it your belief that universal service support is most likely to be necessary in the lowest density areas?

8 A I believe your model results with regard to 9 that and all of your support is in the two lowest 10 density zones.

Q Is that generally what you believe is true,
 that support generally will need to occur in the
 lowest density zones?

14 A I think that's a pretty fair statement,
15 yes, sir.

16 Q Okay. These three wire centers that you 17 picked for this geocoding analysis, those weren't in 18 the lower density zones, were they?

19 A That's not absolutely correct, because we
20 specifically picked these three because at least 25%
21 of the grids were in the lowest two density zones.
22 That's why we picked these specific wire centers,
23 because they had a nice distribution of density.

Q So a quarter of the grids in these wire centers were in the lowest density zones?

1 A Right. So the vast majority of the grids in these 2 0 wire centers were not in the lowest density zones? 3 We wanted a distribution of densities. 4 A How much geocoded information does Sprint 5 0 6 have? 7 A It varies from state to state, and it 8 varies from company to company. These three wire centers had, at best, about 85 to 90%, and these were 9 three of our very best wire centers. 10 Q Both Hatfield and BCPM first bring 11 connection -- bring cable to serving areas. Would you 12 13 agree with me on that? First bring --14 A 15 Distribution cable to serving areas. 0 No, they bring feeder cable. 16 A 17 I always get those two mixed up. They 0 18 bring feeder cable to serving areas. 19 A Yes, sir. Okay. A serving area in the Hatfield Model 20 0 is a cluster, and a serving area in BCPM is the 21 ultimate grid; is that right? 22 23 A Yes, sir. Okay. But a Hatfield Model cluster and a 24 0 25 BCPM ultimate grid are not comparable to one another.

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1566 are they? 1 No, they're not. Often the Hatfield 2 A clusters are significantly larger. 3 Are there more Hatfield clusters typically 4 0 in a wire center or more BCPM ultimate grids in a wire 5 6 center? 7 A Are you including outlier and main 8 clusters? 9 0 Let's start there, yes. A rough approximation, there will be more 10 A BCPM ultimate grids than there will be HAI clusters. 10 Q Okay. And all I want to get at is, in 12 doing a minimum spanning tree analysis, calculating 13 14 the percentage of Hatfield Model clusters that might be under with the percentage of BCPM ultimate grids 15 that might be under is not an apples to apples 16 comparison, is it? 17 I'm afraid I'm back to disagreeing with 18 A you, sir. I think it's a very pertinent comparison 19 when you're looking at what the model does on a 20 systematic basis with its serving areas versus what 21 another model does on a systematic basis with its 22 23 serving areas. Let's just take a hypothetical numerical 24 Q example. If the Hatfield Model has 50 clusters and 25

BCPM has 100 ultimate grids, saying that the Hatfield Model is under in 25% of its clusters and the BCPM is under in 50% of its grids, would you say that's an apples to apples comparison?

When you say apples to apples comparison, what I'm comparing is the percentages, not the grids and the clusters. I'm comparing the portions that each model got right. And I think comparing the portions, the percentages, the probability that a model underbuilt I think is a very fair comparison.

But taking away the percentages, it could 11 0 be that there are far more ultimate grids that BCPM is under than there are clusters that the Hatfield Model 13 is under, or vice versa? 14

15 In terms of numbers, that's where you don't A have an apples to oranges -- an apples to apples 16 17 comparison.

18 0 I want to ask a guestion. Were you here 19 for Dr. Duffy-Deno's testimony?

> Yes, I was. A

Okay. Did you hear me ask him if in doing 0 the minimum spanning tree analysis he included the DLC point at the center of the ultimate grid?

Yes, I did. A

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And did you hear me ask also if in the 0

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1	results of that that he presented were included the
2	points inside each road reduced distribution area that
3	would connect with that DLC?
4	A Yes.
5	Q And do you know what the answer is?
6	A For him or for me?
7	Q For him.
8	A Not for him. I don't know the answer for
9	him. I know for me.
10	With regard to your first question, the DLC
11	point was not included. And not including this could
12	either increase or decrease the length of the minimum
13	spanning tree, as your witness, Dr. Mercer, the author
14	of your model, has stated that adding points can
15	actually decrease the length of the minimum spanning
16	tree.
17	Q Just so I'm clear on your last answer, in
18	doing your MST analysis in your testimony, you did not
19	include this DLC point as a point in the connecting of
20	the dots on the minimum spanning tree?
21	A That's correct, I didn't.
22	Q And you don't know for Dr. Duffy-Deno when
23	he presented his results, when he did do that, if he
24	also included the points in the centroid of these road
25	reduced distribution areas?

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1	A	Well, now, those you wouldn't want to
2	include if	you're doing the minimum spanning tree at
3	the grid 1	evel.
4	Q	At the ultimate grid level?
5	A	Right.
6	Q	Just so I'm clear, the minimum spanning
7	tree analy	sis you did at the ultimate grid level;
8	right?	
9	A	Yes, sir.
10	Q	There's no minimum spanning tree analysis
11	at the qua	drant level?
12	A	I didn't do any at the quadrant level.
13	Q	Are you aware that in discovery, AT&T
14	requested	the backup documentation to your Steiner
15	tree calcu	lations?
16	A	The backup documentation to the Steiner
17	tree calcu	lations?
18	Q	The analysis that you performed in your
19	rebuttal,	yes.
20	А	Yes, I am. I believe we objected to your
21	request.	
22	Q	Why did Sprint refuse to provide that
23	informatio	n to AT&T?
24	A	If I recall, and you probably have it right
25	there, I t	hink you asked for every document that had

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anything to do with the ex partes that were filed, 1 2 which includes a lot of your own documents. 3 0 Let me show you the request. A (Examining document.) Right. This says 4 5 produce all documents, including work papers, analyses, notes, correspondence, and memoranda, which 6 7 underlie, pertain, refer or relate to the minimum spanning and Steiner tree analysis described. 8 In your rebuttal testimony; right? 9 0 10 A Yes. 11 0 The answer to that is simply that Sprint 12 previously objected to that question; right? I lost your question when you say the 13 A answer to that. I don't --14 15 The response to that discovery request is 0 that Sprint previously has objected to that question? 16 17 That's right. A That guestion was propounded to Sprint 18 0 after your rebuttal testimony was filed; correct? 19 20 A Right. 21 Q How could Sprint have previously objected if that question was not asked until after rebuttal 22 came out? 23 MR. REHWINKEL: I want to object at this 24 point. I think the question is one not necessarily 25



that is in the realm for the witness to answer. 1 Rather, this was discovery propounded to Sprint. The 2 proceeding, the procedural order in this case required 3 objections to be filed -- five days? 4 MR. HATCH: Five days. 5 MR. REHWINKEL: Five days after the 6 questions were propounded, and gave a 20-day response 7 time instead of the 30. Sprint objected within the 8 five days, and the reference to the previous objection 9 was to that initial round. 10 MR. LAMOUREUX: Okay. I misinterpreted 11 what that meant. I apologize. 12 (By Mr. Lamoureux) But the basis of the 13 objection is that we asked for too much? Is that what 14 it was? 15 A The basis really, sir, was that I didn't 16 have time to get it all together in the five days that 17 I knew I had to object. 18 Did you have time within the 20 days in 19 0 which responses were due? 20 In reality? No, sir. We can -- I'll tell A 21 you what. We can do what we can to get you as much 22 information that refers to, relates to, underlies, or 23 pertains to it as we can. It will include a lot of 24 your own documents. 25

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I think we can perhaps talk about that 0 off-line, but essentially what I was looking for was the backup documentation so we can verify the analysis.

Okay. There is a fair amount of A documentation in the exhibits to my testimony which discussed the Steiner tree. It discusses the methodology, and it discusses the limitations. So that's in there.

Let me ask you, the construction of the 10 0 11 ultimate grid, is that based on any engineering assumption about what ultimate grids should look like? 12

It's my understanding that it's based on A engineering assumptions about what carrier serving areas should be like.

Isn't it just based on the latitude and 0 longitude for the corners of the ultimate grid? 17

A No, it's not necessarily. You're saying --I guess I don't leally understand your question. Are you asking why an ultimate grid is the size it is and why it holds the number of people it is?

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Yes. No, that's complete engineering A assumptions. Looking at my picture that was in the presentation, you've got some little ultimate grids in

Table At	1573
1	Tallahassee and some bigger ones, and the difference
2	in size is completely due to engineering assumptions.
3	Q What engineering assumption drives the
4	result that ultimate grids in northern Florida are 6%
5	smaller on average than in southern Florida?
6	A That I don't think there is an engineering
7	assumption for, but I'm not an engineer.
8	Q That's simply a fact that longitudes and
9	latitudes change size as you move up the globe, isn't
10	it?
11	A They sure do, yes.
12	Q Let's talk about the idea of putting
13	serving areas over water.
14	A Okay.
15	Q Now, the BCPM could place ultimate grids
16	over water, couldn't it?
17	A Generally we do a pretty good job of not.
18	Again, if you think back to my presentation where you
19	saw the wire center boundary at Lake Okeechobee, and
20	as you see up here, we maintain the actual wire center
21	boundary. So if you're looking for avoiding bodies of
22	water, our grids do a pretty good job of avoiding
23	those bodies.
24	Q But it could, couldn't it?
25	A I believe I can't answer that question,

except to say I am pretty sure, sir, that they don't. 1 2 The evidence points to the fact that they don't. Q But BCPM does not explicitly recognize 3 water boundaries as precluding putting an ultimate 4 5 grid over water, does it? To the extent that it's a wire center 6 A boundary, it would. To the extent that it's inside 7 some -- if you have a little lake, it probably 8 9 wouldn't keep that out of a ultimate grid. Have you looked at how the BCPM treats the 10 0 Keys to determine if there are any ultimate grids over 11 12 water? No, sir, I haven't. 13 A So you looked at that for the Hatfield 14 0 15 Model, but not for BCPM? 16 А That's correct. Let me change subjects on you for just a 17 0 minute and go off the idea of customer location. 18 19 Thank you. A In your deposition you talked a fair amount 20 0 about Gompertz-Markham curves? 21 22 A Gompertz-Makeham curves. Thank you. Now, as I understand it, those 23 0 curves represent retirement around an expected asset's 24 25 economic life; is that right?

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Yes, sir. They're survival curves. 1 2 Basically they measure how much of the asset you retire in any given period, usually in any given year. 3 4 Q Okay. So just to take an example, would a 5 curve like that represent retirement of poles due to cars crashing into them? 6 7 Yes, sir, that would be a good explanation. A Okay. Isn't that a maintenance account, 8 0 9 though? A Okay. I think you're confusing two 10 different things. One, you have to decide how your 11 12 plant gets used up when you build it. That's the depreciation. Another, you have to decide how much on 13 a daily basis you have to maintain that plant. I'm 14 15 not a depreciation expert, and I'm certainly not an 16 operating expense input expert. We have Mr. Dickerson for that. But I understand that the cost of basic 17 service involves both of those. 18 Q Are you saying that you know for a fact 19 20 that all of the expenses associated with replacing poles are part of depreciation, and none of those 21 22 expenses are included in maintenance? No, sir. I'm saying that telephone 23 A companies on their books have records of what they 24

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spend maintaining poles. Those are generally referred

to as expenses. Telephone companies also retire plant. That's generally counted in terms of depreciation. And it's my understanding that those two things come together in estimating the cost of providing basic service.

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Q Okay. Let me try it a different way. Do you know if the cost of replacing poles, the entire cost of replacing poles is included in maintenance accounts?

A No, I don't know the answer to that.

Q So you don't know if it's possible that there might be a double accounting by including that in the curves as well as in the maintenance accounts?

14 J. If there is a -- I'm not a -- I'll tell you 15 right now, I'm not a depreciation guy. I think you 16 have misinterpreted what depreciation of plant is with 17 regard to what maintaining plant is as it's standardly 18 done in the business of offering service.

I don't do that, so I can't tell you, but my understanding of the curves and my understanding of what you do in your model is that I belie/e you've got them both in there too.

Q Is it your understanding that the Hatfield Model uses depreciation curves?

No, the Hatfield does not use depreciation

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1 curves. It uses square life depreciation. And I also 2 know that the FCC just asked you guys to change that. Q To your knowledge, does the BCPM have any 3 copper loops over 12,000 feet in length in Florida? 4 Yes. I think we have about one-twentieth 5 А 6 of the number that you do. Q So the suggestion that BCPM has a 7 12,000-foot cutoff, that's not an absolute criterion 8 in the model, is it? 9 Well, no, sir. At a certain point you put 10 A on an extended range line card. 11 But the 12,000-foot limit is not an 12 0 absolute limit. It's simply a guideline; is that 13 14 right? 15 A Absolutely. In fact, are you aware that the BCPM in 16 0 17 Florida has loops over 18,000 feet? I'm aware that in Mr. Pitkin's testimony he 18 A 19 points out one geographic area where he found one. Do you have any evidence to the contrary? 20 0 21 A Oh, no. I'll bet there may be one out 22 there. MR. LAMOUREUX: Just one moment. I think 23 24 I'm done. That's all the questions I have. Thank you 25

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1 very much. 2 THE WITNESS: Thank you. COMMISSIONER DEASON: Mr. Henry? 3 MR. HENRY: We have no questions. 4 COMMISSIONER DEASON: Staff? 5 6 MR. COX: Good morning, Dr. Staihr. Will 7 Cox on --COMMISSIONER DEASON: Excuse me, Staff. 8 9 How long do you have for this witness? 10 MR. COX: I'm guessing somewhere between a half hour and an hour, but I'm not sure. 11 COMMISSIONER DEASON: All right. We'll 12 13 take a ten-minute break. 14 (Short recess.) COMMISSIONER DEASON: Call the hearing back 15 to order. Staff? 16 CROSS EXAMINATION 17 BY MR. COX: 18 Good morning, Dr. Staihr. Will Cox on 19 0 behalf of the Commission Staff. I just have a few 20 21 questions for you this morning. 22 In your presentation on Monday, you stated that BCPM makes use of the LERG's, the L-E-R-G's 23 identification of host or remote or stand-alone 24 switches; is that correct? 25

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1 A Yes, sir, it does. Now, Mr. Wood stated that in his 2 0 3 presentation that in HAI, the location of each switch 4 is determined from the Local Exchange Routing Guide, the LERG, and he also stated that the user may specify 5 6 whether the switch is a host, remote, or stand-alone 7 switch. My question is, does BCPM permit the user to specify whether the switch is a host, remote, or 8 stand-alone switch? 9 10 In the standard running of the BCPM, no. A 11 Those specifications can be changed, though. How are they changed? 12 0 You go into the input table, and you 12 A actually change the specification. 14 15 0 So it would be considered a user-adjustable 16 input? 17 It's my understanding that you could. А 18 That's what it would be considered, yes. 19 Q How many user-adjustable inputs are there in the BCPM? 20 A lot. I don't know the actual number. 21 A It's in -- I don't even know if it's in the hundreds 22 23 or the thousands, but the model is set up that you 24 don't have to use all of them if you don't want to. For instance, with the cable cost, you can put in one 25

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cable cost or you can split it out by material and placement. You could do it either way.

Q My next line of questioning refers to your rebuttal testimony, so if you have a copy of that, if you could have that handy.

A Yes.

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7 0 Turn to page 20 of your rebuttal testimony, where you're discussing the minimum spanning tree 8 9 analysis that we've discussed in the last few days in this proceeding. And this is the minimum spanning 10 tree analysis discussed on lines 4 through 9 on page 11 20 that was performed for Sprint. And you acknowledge 12 that there is evidence that BCPM underbuilds in rural 13 Florida. 14

Now, given that observation and the similar analysis conducted on HAI's Florida results is it the logical conclusion to draw that both models are deficient in building distribution plant in rural areas?

20 A No, it's not. And if I can expand on that 21 just for a second.

Q Okay. Under certain conditions, would it
 be the logical conclusion to draw?

A Yes. Under certain conditions and in certain areas, yes.

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Okay. What conditions and what areas? 1 0 Okay. The first condition is that our 2 A calculation of the minimum spanning tree, if you look 3 at the attachment to my testimony that discusses that, 4 it says that when we created the minimum spanning 5 tree, we made every attempt to err on the job of 6 making it too long. We did a very good job of that, 7 and I can go through it if you want. 8 If we were to readdress how we created our 9 minimum spanning tree not erring on the side of 10 conservatism, it's probably likely that that number 11 would go down significantly. 12 If you could go ahead and explain your 13 0 14 answer, that would be good. Is it okay if I use the -- - in you see 15 a 16 that? That will be fine, as long as you can get a 17 0 microphone there. Is there still a microphone for 18 you? 19 Yes. 20 A COMMISSIONER DEASON: Mr. Rehwinkel, you 21 22 may want to give the witness a lesson in the utilization of that technical piece of equipment. 23 MR. REHWINKEL: Is it working now? There 24 25 you go.

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1	COMMISSIONER DEASON: There's a delay on
2	it. Once you turn it on, you have to wait a second or
3	two before it actually activates.
4	THE WITNESS: Thank you.
5	COMMISSIONER GARCIA: I'm just surprised
6	Mr. Rehwinkel didn't use his technical expertise with
7	the attorney from the companies.
8	MR. REHWINKEL: I just learned on the
9	break. I didn't know
10	COMMISSIONER JACOBS: A likely story.
11	THE WITNESS: I think this pen works.
12	Should I turn this, sir?
13	Q (By Mr. Cox) That's fine where it is.
14	A Okay. Because we had to create our own
15	version of a minimum spanning tree, if you look at
16	what's written in the documentation, I'm going to
17	assume these are microgrids. We calculated a minimum
18	spanning tree within each microgrid and basically
19	connected them across microgrids.
20	Now, if you can see this, the way we
21	normally place people along roads is uniformly. If
22	you have a road that goes like that, and say you had
23	to place three people here, you would have this much
24	distance; right? But if you have a road that went
25	like that and you place people uniformly, your minimum

spanning tree actually is much less than the distance of the road. Okay? We didn't use this little distance. We used the big distance. And we did that for every single microgrid.

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Then -- and I'm going to go down here now. Say we have a minimum spanning tree within a bunch of microgrids, and it looks something like this, or like this. Connecting these across microgrids, we took the points that were closest and connected this way and this way.

In essence, what we ended up doing is going more rectilinearly than a real minimum spanning tree would if we used the actual points, if we connected individual points instead of allocating them within the microgrid.

Q When you say rectilinearly, you mean more in a straight line? Is that what you're saying?

18 A Yes. Clearly, if you were really 19 connecting someone up here to someone here with a 20 minimum spanning tree, you would go like this. But we 21 connected across microgrids. Now, we did a little bit 22 of -- if there was a tree in here that was closer, we 23 would connect those, but not always.

So my point is, when we created this tool, we erred on the side of making it too long. If we

were to go back, and we can, kind of readdress it and say let's try and even out the compensating factors, I believe the 28% there would go down significantly.

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Q Okay. Did I hear you say that the minimum spanning tree used in this instance would be less distance than what Sprint actually used? Is that what you're saying?

8 A I'm saying that if we changed our 9 assumptions, the length of the minimum spanning tree 10 would be shorter. And so if we fell short in a given 11 grid, we may not fall short compared to this now 12 shorter minimum spanning tree.

Was that clear?

14 COMMISSIONER JACOBS: I thought you said in 15 the event where the spanning tree is shorter than the 16 road, you're going to use the length of the road over 17 the spanning trees.

18 THE WITNESS: Yes. Let me just stick with 19 these first two microgrid things that I did.

20 Putting people here requires a shorter 21 minimum spanning tree than putting people here. Even 22 though each one is the same distance along the road, 23 we used the total road distance, which is more than 24 the minimum spanning tree might really be. Minimum 25 spanning tree is as the crow flies, that. We took

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1	that and that. Because of that, in each microgrid, if
2	the roads curved at all, we, in essence, overestimated
3	how much you need to connect the customers.
4	As a result of that, in certain grids where
5	we fell short of how much you need, we maybe really
6	didn't. But because of these conservative assumptions
7	built in there, it shows up that we did.
8	Q (By Mr. Cox) Wouldn't the minimum
9	spanning tree analysis, though, be an underestimate of
10	the amount of underbuilding?
11	A I I'm sorry.
12	Q Meaning that if you connect things in a
13	straight line, just the pure points, that would not
14	take into consideration the necessary routing that
15	would be necessary to accommodate any geographical
16	constraints?
17	A Yes. Should I sit down?
18	Yes, sir, that's absolutely right. And
19	that's why, as Dr. Duffy-Deno said yesterday, the fact
20	that someplace you build more than the minimum
21	spanning tree doesn't necessarily mean you built
22	enough. That's why when you attempt to net, as
23	Mr. Pitkin has done in his testimony, the places where
24	you built more and the places where you built less,
25	it's a very misleading and incorrect analysis.

1 Now, you mentioned the 28% that 0 Dr. Duffy-Deno testified as sort of the result of the 2 3 minimum spanning tree analysis, and that would be a 28% shortfall or underbuilding. 4 That was in my --5 A That's in your testimony? 6 0 7 A Yes. What adjustments do you think can and 8 0 should be made to the BCPM to remedy this shortfall 9 10 relative to this result in the MST analysis? 11 A I can tell you specifically the adjustments actually in both models, if you like. I'm going to 12 have to get up again. 13 That will be fine. 14 0 15 Okay. We have in our model a constraint A built in which constrains the amount of distribution 16 cable in any quadrant to be no longer than the road 17 distance. We did that for a reason, because it's the 18 efficient way to do it. 19 20 Say this is a quadrant. Say this is the digital loop carrier site. Say that in reality, the 21 road goes up like this, but for whatever reason, the 22 model built cable here, here, and here. This distance 23 is clearly more than you need to get to a customer 24 that's there. So we constrain the amount of cable 25

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1	built to be this length. Okay?
2	Now, that constraint can be adjusted or
3	turned off. As a result, when you may actually have
4	needed this much, we only let the model build this
5	much. If we turn off that constraint, that's one
6	thing we can do.
7	Q How is that done? How is the constraint
8	turned off?
9	A I can go either I or an INDETEC person
10	can
11	COMMISSIONER GARCIA: Should that be
12	something that we order? Are you doing that
13	naturally, or
14	THE WITNESS: We do that because it serves
15	as a check to make the model efficient. It may have
16	made it overly efficient in these cases. So we can
17	check and see. We can run it with it on, or we change
18	the equation to where it's off. We can see if for
19	those grids it has made the difference there.
20	The second adjustment is one Dr. Duffy-Deno
21	mentioned yesterday. Within a distribution area,
22	we'll have lots like this, and like the HAI model,
23	like we, we build cable between the lots, but we don't
24	go to the end. We stop at the perimeter, the reason
25	being, you can send the drop right from there. We

could change that.

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2	This is less of an issue in our model than
3	in the Hatfield Model for two reasons: Our lots are
4	square, so it makes less of a difference. Second,
5	their clusters are based on distances that are
6	determined by the perimeter. Ours are not. In a lot
7	of cases there's no reason we should go to the
8	perimeter. In the Hatfield Model, you should always
9	go to the perimeter.
10	COMMISSIONER JACOBS: That brings up a
11	point, I'm sorry, I meant to ask earlier. If I
12	understood it, you said that the build decision under
12	the Hatfield does not anticipate the shape of the
14	polygon.
15	THE WITNESS: That's right.
16	COMMISSIONER JACOBS: So
17	THE WITNESS: Every I'm sorry.
18	COMMISSIONER JACOBS: But one of the
19	criticisms, as I understood it, was the overlapping
20	polygons.
21	THE WITNESS: Yes. The overlapping let
22	me address it on
23	COMMISSIONER JACOBS: I'm sorry to
24	interrupt, but that brought it back to mind.
25	THE WITNESS: On two levels. First, not

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only do the polygons overlap; the rectangles that get converted overlap. In certain parts of Florida, the rectangles actually sit right on top of each other. The problem with overlapping polygons is,

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the reason you've got a polygon is, you decide that these people are going to be served together and these people are going to be served together. When you overlap, why is this guy served here and this guy served here when this guy is closer over here? Customers that should be served together are split apart.

When the polygon gets converted to a 12 rectangle, not only is the spatial distance distorted, 13 but the area that the Hatfield Model actually builds 14 sometimes will overlap, so you can't tell if 15 distribution has been built to the right places or 16 not, distribution being the cable built within the 17 rectangle. It's a problem of both the polygons 18 overlapping and the rectangles overlapping. 19

COMMISSIONER JACOBS: Why wouldn't it do something like what you just said here that you would do? Wouldn't they just do a drop -- they wouldn't build different -- I mean, replicating or duplicating feeder cable, would they?

THE WITNESS: Yes, they would. And that's

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a little bit of a tricky question. If you've got two rectangles that are placed right over each other, in the Hatfield Model, each one will have feeder going to it, and each one will have distribution built within it.

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Now, you might think that that overstates 6 7 what you really need. Unfortunately, there are some other things in the Hatfield Model that cause that 8 9 investment not to be used in certain cases when the 10 investment is turned into cost. So although your 11 initial reaction would be, ah, they've they double-built, that double-building never gets carried 12 through to the end in a lot of cases. 13

COMMISSIONER JACOBS: Thank you.

15 Q (By Mr. Cox) Back to the suggestion that 16 we were talking about. You were saying that you or 17 INDETEC would have to perform the adjustment, so it's 18 not something that the user or the Staff in this case 19 could perform itself?

A Yes, absolutely. It's changing the equations in the spreadsheet. We just would have to go through and make sure we told you the right ones to change, but you could do it.

Q Okay. Are there other adjustments that could be made to remedy the shortfall?

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1	A For our model?
2	Q Yes.
3	A I think those two would probably do the
4	majority of the work. I don't know until we try it,
5	and we haven't tried it, so I don't know. Those two
6	would be the first two I would try.
7	Q And you do have some suggestions for making
8	adjustments on the Hatfield as well?
9	A Yes, I do.
10	Q What would those suggestions be?
11	A I can't use this. I can use this.
12	Well, wherever the picture went.
13	These are the original points. This is the
14	original polygon. The way they get their reduced
15	rectangle is, they take the point farthest north,
16	south, east, and west, they make a big rectangle, and
17	then they convert it to a smaller rectangle that has
18	the area of this, but the shape of this, which is
19	where these people get moved inside. Now, if you
20	start over and this would have to be done in their
21	preprocessing. This would involve PNR.
22	If you did like the FCC is doing, overlay
23	this with a grid, maintain the fact that here you have
24	a person, here you have a person, and here you have a
25	person, measure the distance here, a minimum spanning

tree type of approach, and make sure that the distribution built is at least as much as that minimum spanning tree. This is what the FCC is doing with their clusters to avoid that distortion. That would have to all be done in the PNR preprocessing, but PNR would be cable of doing it.

Q Are there any other adjustments that you would suggest to the Hatfield to address this problem?

9 A A couple. The fact that Hatfield's 10 clusters have rectangular lots, and always the model 11 builds the distribution up the short side. If these 12 lots were made square, it would have to build a little 13 more distribution.

14 Q Dr. Staihr, one of the major differences 15 between BCPM and the Hatfield in modeling distribution 16 facilities pertains to the maximum copper lengths 17 allowed; is that correct?

A Yes, sir.

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Q And while BCPM generally constrains copper loop lengths from the DLC to the customer to 12,000 feet, HAI deliberately designs copper loops out to 18,000 feet; is that correct?

A That's my understanding, yes.
Q Now, a copper loop beyond 12,000 feet
requires a larger gauge cable; is that correct?

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1	A Yes, sir.
2	Q For example, a 24-gauge cable instead of a
3	26-gauge cable?
4	A Yes.
5	Q And a loop extending beyond 12,000 feet
6	from the DLC requires an extended range line card,
7	doesn't it?
8	A Yes. That's my understanding in talking
9	with engineers, yes.
10	Q So, so long as a copper loop between 12,000
11	and 18,000 feet is provisioned on 24-gauge cable with
12	an extended range line card, shouldn't it work as well
13	as a copper loop constrained to 12,000 feet?
14	A That's a question I as a non-engineer can't
15	answer. I don't know. Work as well in terms of
16	decibel loss or degradation of the signal, I couldn't
17	answer that.
18	Q So you have no opinion on that?
19	A No, sir.
20	Q Then would any differences in cost between
21	the two types of installation be the sole basis for
22	choosing one over the other?
23	A That would certainly be one basis. I don't
24	know that that would be all. Depending on how the
25	loop length was built into the construction of the

carrier serving area and how that construction of the carrier serving area allowed the model to maintain or not maintain relative distances, all those things would have to go together. So it would be one consideration. I don't know if it would be primary.

Q And, Dr. Staihr, am I correct that BCPM's ultimate grids are surrogates for a carrier serving area, a CSA?

A Yes, sir.

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Q Now, does BCPM restrict the maximum number of housing units that can be served by a single CSA?

A Yes. When the ultimate grids are created, there is a restriction that starts out with the number of 999 housing units.

15 Q So 999 housing units is the maximum number 16 of housing units that BCPM allows to be served per 17 CSA?

Not exactly, because -- I wish I could give 18 A you a straight answer, but this is the answer. When 19 an ultimate grid is created, and there's a little bit 20 21 of another ultimate grid left over in a wire center 22 with less than 100 lines, which would be something less than 100 housing units as well, that will be 23 added into that ultimate grade, so they're all served 24 off of the same electronics. It's more efficient to 25

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1	do it that way. So you certainly could end up with
2	more.
3	Q Okay. You say the same electronics. Is
4	that the fact that a CSA is served by a digital loop
5	carrier facility? Is that what you're referring to?
6	A Yes. If fiber is going into it, yes.
7	Q What size DLC system does the BCPM model?
8	A Two sizes, one large and one small, 1,344
9	maximum on the large and 672 on the small. I can
10	double check, but I think that's the right number.
11	Q Okay. It's not 2,016 for the large?
12	A No, sir.
13	Q Now, if the number of housing units per CSA
14	is limited to 999, is it likely that BCPM very often
15	will build a 1,344-line DLC system, which is a large
16	system?
17	A Yes, I would say it's likely if that's what
18	the CSA requires in terms of the number of customers
19	being served there.
20	Q My question wasn't whether it was likely.
21	The question was whether it was likely and that would
22	occur often, frequently.
23	A Frequently, yes.
24	Q And your definition of frequently in this
25	instance would be?

1	A That's more than 10% of the time?
2	That's a guess.
3	Q So something greater than one out of ten?
4	A Yes.
5	Q Okay. What is the basis for BCPM's
6	assumption that a CSA should be limited in this
7	manner?
8	A With regard to number of lines?
9	Q With regard to the 999.
10	A The 999 households is based on if you
11	take a 1,344 DLC, take it at about 90% of capacity,
12	you come down to about 1,200 or something. The math
13	is not right, but it's close. Take 999 households,
14	add in some second line penetration, whatever it is,
15	15%, you're up at 1,150. Add in some business
16	customers, on an average, you'll add some more, and
17	you'll get up close to that 1,344.
18	From what I understand this is
19	engineering. This is my understanding of it. You
20	create an area that can basically hold the number of
21	lines you're going to be able to serve based on second
22	lines, businesses, and households.
23	Q Dr. Staihr, does the combination on the
24	BCPM of the 12,000-feet maximum copper loop length and
25	the 999 housing units per CSA limit tend to result in

1	BCPM's CSAs being relatively small?
2	A It results in them being smaller than the
Ġ	equivalent Hatfield CSAs, yes, sir.
4	Q If the Commission wanted to provide for
5	larger CSAs, what changes to BCPM would be required?
6	A We would have to rerun the preprocessiry
7	and make 18,000-foot grids, which we have done for the
8	State of Florida because the FCC asked us to.
9	Actually, I believe that data is already sitting there
10	at StopWatch Maps, so it shouldn't take very long.
11	Q Dr. Staihr, do you know if that information
12	has already been filed in this proceeding?
13	A If the actual data set containing the
14	18,000-foot grids is? Is that what you're asking?
15	Q The results using the 18,000 feet.
16	A I don't know if they are or not.
17	Q Was that information part of an ex parte
18	with the FCC?
19	A That information was the result of a
20	request from the FCC. We made a presentation to them
21	showing them the results, and there was an ex parte
22	associated with that. I don't have it. I can get it,
23	but I don't have it here.
24	MR. COX: We would ask that you could
25	provide that information as a late-filed exhibit to

1 the hearing. And, Chairman Johnson, if we could have that marked for identification. It would be BCPM run 2 using 18,000 --3 THE WITNESS: Foot grids. 4 MR. COX: Foot grids. 5 6 CHAIRMAN JOHNSON: Okay. That's Late-filed 7 61. 8 MR. COX: Thank you. (Late-filed Exhibit 61 identified.) 9 (By Mr. Cox) Dr. Staihr, as I understand 10 0 the workings of BCPM, with the exception of very dense 11 areas, the model allocates housing units to microgrids 12 based on the percentage of the census block's road 13 network that occurs in a given microgrid? 14 15 A That's correct. Can this technique in some cases result in 15 0 allocating fractional housing units to microgrids, 17 that is, parts of housing units to grids? 18 Yes, it does. Those fractions, of course, 19 A 20 are reaggregated. They're reaggregated? Can you describe how 21 0 that works? 22 23 A When the microgrids are aggregated back up to form guadrants of ultimate grids, basically you 24 25 have a certain number of persons you've placed in

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there. You have a certain number of persons that you'll serve in that quadrant of the ultimate grid. When you add back up what you've got in the microgrids, if you had some fractions, you might have a part of a person. Generally a part of a person is rounded up or down, and that rounding tends to offset itself.

Q So it is rounded?

A Yes.

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Q Dr. Staihr, you're familiar with the joint rebuttal testimony of Don Wood and Brian Pitkin that was filed in this proceeding on behalf of AT&T and MCI?

A Yes, I am.
Q Do you have a copy of that with you?
A Yes, I do. Give me half a second here. Yes.

Q If you could turn to page 20.

A Yes.

20 Q Starting at page 20, they contend that 21 under certain conditions, BCFM will drop housing 22 units, or equivalently, customers, when it aggregates 23 microgrids to generate ultimate grids, and thus 24 constructs no plant to serve these locations.

Right.

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1	Q Is this assertion correct?
2	A This assertion is correct in the sense that
3	we ended up with six one-thousandths of 1% of our
4	lines left out as a result of rounding.
5	Q How many lines is that precisely?
6	A I just know that I filed that.
7	Q Okay.
8	A It was deposition exhibit. I've got it
9	right here.
10	That was 373 out of 6.6 million lines, of
11	course, which the Hatfield Model would not have built
12	to in the first place.
13	Q And why do you say that the Hatfield would
14	not have built to it in the first plate?
15	A Because they don't build to housing units.
16	They only build to houses that have telephones. And
17	if you look at a place like Destin where there are a
18	lot of vacation houses, they build about half the
19	lines we build in that wire center because they leave
20	out the housing units.
21	Q If you could turn to page 44 of the
22	rebuttal.
23	A I'm sorry. Mine or Mr. Pitkin's?
24	Q I'm sorry. We're still on Mr
25	COMMISSIONER CLARK: Dr. Staihr, can I ask

you a question on that point? I take it then that you would -- it's your view that in these cost proxy models, we should build to -- it should include housing units, not households.

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THE WITNESS: Yes, it is. And the reason is very simple. Half the things out there on St. George Island are housing units, not households, according to the census, housing units. They all have phones. A server that was serving that area would have to build plant to them.

11 COMMISSIONER CLARK: Are you saying since 12 people weren't there when the census was taken, they 13 didn't get counted, and that's the basis on which 14 Hatfield chooses them or doesn't choose them?

THE WITNESS: That's the basis on which the 1.5 Census Bureau calls it a housing unit or a household. 16 17 The Hatfield Model, it's my understanding, builds to households with phones, not housing units that might 18 have a phone. According to their documentation, I 19 believe it says it says households with phones. 20 COMMISSIONER CLARK: If no one was there, 21 how do they know either way? 22

THE WITNESS: I'm sorry. How do they know --

COMMISSIONER CLARK: First of all, you had

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to be home, and second of all, you had to say you had 1 2 a phone? THE WITNESS: No. I think you would have 3 to ask the Hatfield people the exact method that they 4 5 use for determining a household with a phone. All I know is that a vacation home, according to the census, 6 7 is a housing unit, not a household. COMMISSIONER CLARK: When they take the 8 census, they know that that's a vacation home? I 9 mean, how do they get that information? 10 THE WITNESS: I don't know the answer to 11 12 that. COMMISSIONER CLARK: And nobody has asked 13 -- the FCC has not clarified what they meant by 14 households? 15 THE WITNESS: No. We specifically asked 16 them. I specifically asked them. We can change our 17 model, as you kno ... We said, "Which do you want us to 18 19 do?" 20 It's a policy question. It's not a modeling question. It's a policy question. 21 22 We did not get an answer. COMMISSIONER CLARK: What have they done in 23 other states? 24 THE WITNESS: In the states that have 25



picked the BCPM, the BCPM, as I understand it, 1 continues to build to housing units. There are some 2 states I think that picked Hatfield. I don't know if 3 4 they asked them to change or not. COMMISSIONER CLARK: Okay. 5 (By Mr. Cox) On page 44 of the Wood and 0 6 7 Pitkin rebuttal, Dr. Staihr --8 A Forty-four? 9 Yes. On page 44, they contend that BCPM 0 constructs 223 DLCs in Florida that each serve only a 10 11 single household. 12 A Yes, sir. Is this assertion correct? 13 0 I filed a deposition exhibit with those A 14 numbers, but only for Sprint. I haven't checked for 15 the entire State of Florida, and I assume that's what 16 Mr. Pitkin is referring to here. 17 What was the number for Sprint? 18 0 It's going to take me a second to find it. 19 A 20 Okay. There was a little confusion as to 21 what was meant with the single household, because there are grids that have one household plus housing 22 units, and there are grids that have one household 23 plus business locations, and there are grids that just 24 have one household. 25



There are 57 grids that serve a household and no housing units and no business locations that have a DLC in them for Sprint's territory, 57.

Q Turning on in their testimony, the Wood and Pitkin testimony, to page 72.

A Yes, sir.

Q Where they make various criticisms of the minimum spanning tree analysis performed on the Hatfield Model.

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A Yes, sir.

Q First, at lines 4 through 12, they disagree that a minimum spanning tree analysis represents the minimum amount of distribution cable required for a cluster, asserting that the placement of surrogate locations, which are most prevalent in low density areas, tend to overstate customer dispersion and thus the amount of cable needed.

18 The question is, does the use of surrogate 19 geocoded points overstate customer dispersion?

A The evidence that I've presented in this proceeding shows the exact opposite. When we ran the BCPM with our standard approach, which one could call all surrogates -- one could call it that -- we estimated a certain amount of cable. When we ran it using geocoded data, it actually increased the amount

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1	of cable slightly, by less than 4%.
2	That evidence suggests that using geocoded
3	data actually increased the dispersion. I don't have
4	an exact measure of how that took place. I do have
5	the measures of the actual route miles.
6	Q So the answer to my question, if you could
7	just give me the simple answer to the question, does
8	the use of surrogate geocoded points overstate
9	customer dispersion?
10	The answer is, not in the experience that
11	I've presented in this proceeding. It could in one
12	situation. It may not in another.
13	Q Also in this passage, they state that the
14	minimum spanning tree analyses that have been
15	conducted are flawed because they do not include
16	connections to the DLC and the FDI, the feeder
17	distribution interface, which would in turn understate
18	the distance. Are they correct, and if they are
19	correct, how significant is this claim?
20	A With regard to the DLC, they are correct.
21	With regard to the FDI, they're not, because the
22	minimum spanning tree we've done was done at the grid
23	level. If we were doing it at a quadrant level, then
24	would you need the connection to the FDI.
25	I haven't done that analysis of rerunning

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	and the second
1	the minimum spanning trees connecting to those
2	points. I can do it, and I can do it fairly quickly,
3	and I'll be happy to file that. I know Dr. Duffy-Deno
4	had it yesterday. I don't have it for our territory
5	today.
6	Q Now, you said for the DLC, they are
7	correct. Now, how significant is that claim, given
8	that it's correct regarding to the DLC?
9	A Not I can't say. I can give you an
10	impression that it's probably not all that correct,
11	and I can show you that big a deal, and I can show
12	you why if I can draw a picture.
13	Q Sure.
14	A Ultimate grid, quadrants, and for the sake
15	of argument, road. Okay? We'll call the road
16	centroid right here. Okay? Microgrids, minimum
17	spanning tree in each one. This grid is connected to
18	this grid. If it had to go out of the way to pick up
19	the DLC, it wouldn't have to go out of the way very
20	much. This is completely contingent on how I drew the
21	road. It would be completely contingent on where the
22	roads are.
23	In this case, it didn't make a bit of
24	difference. The minimum spanning tree went right

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through the DLC.

But in some cases it might not go right 1 0 2 through the DLC? 3 A It might not. That's definitely true. So there could be a significant problem 4 Q 5 there in some instances? б n I don't know that I want to use the word -agree with your "significant," because again, because 7 the DLC is placed on the roads, because all microgrids 8 that we have a minimum spanning tree for are where the 9 roads are, they connect already. 10 11 COMMISSIONER CLARK: Doctor, I wanted to ask you a question about -- I'm not sure I saw your --12 was it supplemental rebuttal? 13 THE WITNESS: Yes. 14 COMMISSIONER CLARK: I'm pot sure I saw 15 that. But you indicated on page 20 of your testimony 16 that using 80% of the minimum spanning tree as a 17 measure of what is sufficient cable, recall that the 18 Hatfield built urderbuilt well over 85% of the main 19 clusters, and then by comparison, BCPM underbuilds 15% 20 of the grids. Is there -- do you know by how much? 21 THE WITNESS: Yes. I don't have the actual 22 numbers, but I can tell you -- if you have my 23 testimony there, I can refer you to a page here. If 24 you look at page 13 --25

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1	COMMISSIONER CLARK: Of the rebuttal?
2	THE WITNESS: Of the rebuttal. And then
3	also look at page 16. Okay? On page 13, I compare
4	what the Hatfield Model built with the whole minimum
5	spanning tree, and on page 16 I compare what it built
6	with 87% of the minimum spanning tree. And the reason
7	I do that is because that's a different measure that
8	could be interpreted as enough.
9	COMMISSIONER CLARK: Let me just ask my
10	question. If I understood Dr. Duffy-Deno yesterday,
3.1	it was that had you to correct that insufficiency in
12	the model, you couldn't net.
1.3	THE WITNESS: (Nodding head affirmatively.)
14	COMMISSIONER CLARK: I guess my question
15	is, if you knew by how much you underbuilt and
16	overbuilt, why couldn't you net, I mean, if you come
17	out to the same ultimate number?
18	THE WITNESS: That depends. For instance,
19	if you're going to do this on a cluster on a grid, all
20	clusters and grids are associated with wire centers.
21	There are some weird things going on in the Hatfield
22	Model where their clusters actually cross wire center
23	boundaries, so part of the distribution cable is in
24	one wire center and part of the distribution cable is
25	in another. So when you've got something like that,

if you built enough, if you built too much, is too 1 much in one, too much in the other? You don't know, 2 so you don't know that netting really occurs. 3 Also, in a sense, as I put in my testimony, 4 distribution cable isn't -- the fact that you built 5 too much -- and we haven't said you built too much. 6 You built more than the minimum spanning tree. That 7 may not be too much. It's probably not. That doesn't 8 offset the fact that you haven't built a functioning 9 network to connect customers over here. 10 And I'll go on one more, and maybe this 11 will answer your question. Over here you've got a 12 type of soil, you've got a depth to bedrock, you've 13 14 different soil, different bedrock, different costs. 15 16

got things that affect the cost. Over here you've got COMMISSIONER CLARK: So you're saying even though if you have the correct footage of the cable --17

THE WITNESS: Right. They'll have different costs associated with them.

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COMMISSIONER CLARK: All right. Thanks. 20 MR. COX: Dr. Staihr, could you provide as 21 a late-filed exhibit the minimum spanning tree 22 analysis with the DLC information for Sprint? 23 THE WITNESS: Yes, sir, I can. 24 MR. COX: Madam Chairman, Staff would ask 25

that this be marked for identification as a late-filed 1 exhibit. 2 CHAIRMAN JOHNSON: Okay. It's 62. And a 3 short --4 MR. COX: Yes. A short title would be MST 5 analysis with DLC information for Sprint. 6 7 CHAIRMAN JOHNSON: Okay. (Late-filed Exhibit 62 identified.) 8 9 Q (By Mr. Cox) Dr. Staihr, when was the version 3.1 of BCPM first filed with the FCC? 10 With the FCC, the version has not 11 A officially been filed. The FCC's version is called 12 3.0FCC. It's the equivalent of 3.1. 13 O It has not been filed with the FCC? 14 No, it has. It's called something 15 A different there. Sorry. 16 And when was that filed? 17 0 That was in February. I don't know the A 18 exact date. February 6th. I can check, but it was 19 20 February. Okay. Was there a version that was filed 21 0 on December 11, 1997, a version of BCPM? 22 Yes. That was called 3.0. A 23 Q And since the February filing, have there 24 been other corrections to the model? 25

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1611 Yes, there have been corrections, and we 1 А provided a list of those to Staff. 2 Q And that was in a discovery request from 3 Staff? 4 A Yes. 5 Did you file Exhibit BSK-1, which is a 6 0 7 CD-ROM containing the BCPM Version 3.1, in this proceeding? 8 9 A Yes, I did. 10 Q And if we were to assign a date to the edition of BCPM Version 3.1 that you first filed in 11 this docket, what date would that be? Would that be 12 the July 7, '97? 13 That I first filed with my direct? 14 A 15 0 Yes. The filing date was August 3rd. 16 A August 3.d? 17 0 A Yes. 18 Okay. And since that time, there have been 19 0 some corrections or changes causing you to file a 20 different version or a revision to the filing? 21 Yes, sir, there was a change that we made. 22 A And what was that change? 0 23 The change that was made was that when you 24 A calculated costs at a wire center level, the average 25

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1	came out different than when you calculated costs at a
2	density zone level. They didn't tie. Actually,
3	neither model ties.
4	We've corrected that and given you the
5	correction. I don't know that the Hatfield Model has.
6	Q And was that change filed in September?
7	Was that the September change?
8	A Yes, sir. I believe in our deposition we
9	called it the September 24th version.
10	Q How does this change affect the reported
11	costs at the grid level?
12	A At the grid level, it should have not
13	changed except maybe by one cent. We report it at the
14	wire center level. That changed by about a dime.
15	Q Okay. And how would it affect the costs at
16	the census block group level?
17	A That probably would have changed by about a
18	dime as well.
19	Q And that's on the monthly per line?
20	A Yes, sir, for Sprint.
21	Q Do you believe that all of the BCPM
22	sponsors in this proceeding, GTE well, I guess GTE
23	says they're not technically a BCPM sponsor. But
24	those that are using BCPM, GTE, Sprint and BellSouth,
25	should use the September version, or correction, or

1 I'm sorry -- investment calculated at the grid level? 2 0 The subsidy. A I don't think I'm surprised. They should 3 be different. It should impact. 5 To your knowledge, have the other parties 0 6 submitted a BCPM that incorporates the changes that 7 you made in September? 8 A I know that they've asked for it, because 9 they realize we made that change. We've provided it to them. I don't know if they've submitted it, but I 10 know they're aware of it and they realize we did that. 11 Do you have -- there was a response that 12 0 you filed in response to some Staff discovery. It was 13 Production of Document Request No. 33 in Staff's 14 Fourth Set of PODs that involved percentages that the 15 road network predicts customer location for different 16 density zones. 17 I think Mr. Rehwinkel is helping me find 18 A 19 that here. It's part of Exhibit 39, for the 20 0 21 Commissioners. 22 A Yes, sir. Okay. For Sprint-Centel's service 23 0 territory, what percentage does the road network 24 predict customer location for a density zone zero to 25

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1 coefficient.

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Q Why would it be appropriate to look at the one that you looked at versus the one that we were thinking is correct?

A First off, because correlation coefficient also will give you a sign. It will give you the nature of the relationship, not only the strength of it. If it's got a negative sign, you've got an inverse relationship, which this has a positive sign, so you have a positive relationship between road and population.

Q So we should look the correlation -- what did you say? The correlation coefficient?

A Yes, sir, correlation coefficient.

15 Q To figure out the percentage that the road 16 network predicts customer location?

17 A Yes That's the same type correlation
18 coefficient that Dr. Duffy-Deno was looking at
19 yesterday.

Q What percentage does the road network predict customer location for a density zone five to 207

A Eighty-three.

Q Would you say that the efficiency of the road network presence as a predictor of customer

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1	location varies by density zone?
2	A It varies slightly; not dramatically, but
3	slightly.
4	Q In your presentation, you stated that the
5	on the BCPM model on the first day of this hearing,
6	you stated that the correlation between the road
7	network and the customer location was about 90%?
8	A That's right. That would be a rough
9	average of these.
10	Q Okay. How exactly did you arrive at that
11	90% figure?
14	A That was a ball park. Five of the seven
13	here are above 90.
14	MR. COX: That concludes Staff's questions.
15	Thank you, Dr. Staihr.
16	CHAIRMAN JOHNSON: Commissioners?
17	COMMISSIONER JACOBS: A couple of things.
18	One, it seems to be a common challenge in
19	rural areas. In the case of the BCPM, there's a
20	sparsity of roads that you have to overcome, and in
21	the case of the Hatfield, the absence of geocodeable
22	addresses. And what I'm hearing you say is that you
23	overcome that challenge in a more preferable way by
24	explain that to me again, how you say the way that
25	your way of overcoming that challenge is superior to

Hatfield.

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THE WITNESS: Right. As you said, there is a serious lack of geocoded data in the rural areas. Sprint is aware of it. We serve rural areas here.

Making the assumption that the Hatfield 6 Model actually used it is one thing, so let's make that assumption and say it did. If they don't have it, they have to use surrogate locations. There are surrogate locations right now in the model they've filed here. They put the people on census block boundaries, sometimes which are roads, sometimes which are rivers, sometimes which are railroad tracks, sometimes which are nothing.

The correlation shown here. for my money, a 14 correlation of 80 to 90%, above 90%, is a very strong 15 indicator that where you have roads, you have people. 16 17 If you have to figure out where you put the people, you put them along the roads, especially since even in 18 rural areas, especially in rural areas, telephone 19 20 plant is built along the roads.

So we've got one surrogate method that 21 takes into account the fact that that's where the 22 telephone plant is built, and another surrogate method 23 that might put people on railroad tracks or rivers. 24 Our surrogate method is better where you don't have 25

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1 any geocoded data, assuming you would use it in the 2 first place. 3 COMMISSIONER JACOBS: So you're assuming that you have adequate identification of roads in each 4 instance, and therefore you would have a preferable 5 surrogate location method? 6 THE WITNESS: Yes, sir. 7 COMMISSIONER JACOBS: Where we had 8 instances where you had a very slight instance of 9 10 roads in one of your quadrants, that's the situation 11 that I'm focusing on, how BCPM overcomes that, because 12 that seems to be the challenge that you have. THE WITNESS: I guess I'm not sure when you 13 say overcome the challenge --14 15 COMMISSIONER JACOBS: Where you have population in the quadrant, but a scarcity of roads in 16 the guadrant. 17 18 THE WITNESS: Right. COMMISSIONER JACOBS: And you need to deal 19 20 with the surrogate location, if you will, because 21 that's what you have to do, the surrogate; is that 22 true? 23 THE WITNESS: Yes. COMMISSIONER JACOBS: Okay. And your 24 25 method of overcoming that is, as I understood it, to



trace that plant from the centroid back out. 1 2 THE WITNESS: Right. The plant is going to be built from the centroid to where the road is 3 located in that guadrant. 4 COMMISSIONER JACOBS: Okay. So you're just 5 going to find the roads. 6 THE WITNESS: Right. 7 COMMISSIONER JACOBS: And you're saying 8 that that's a superior method. 9 10 THE WITNESS: Yes. COMMISSIONER JACOBS: Okay. One other 11 thing. There was a -- and there may be another 12 witness who will deal will this, but there was an 13 issue, and I think that was a factor in the Hatfield, 14 that addresses the idea of looking for the 15 efficiencies that you gain from technology or just 16 scope of -- cost scopes. 17 THE W'TNESS: Yes. 18 COMMISSIONER JACOBS: Does the BCPM 19 undertake to do the same thing? 20 THE WITNESS: It does a similar thing in a 21 different way. I'll try and be real short here. 22 The Hatfield Model does what it calls a 23 life cycle analysis. In fact, it just looks at four 24 different inputs that you can change, and they're 25

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Yes, I recall that. 1 2 Did you have any opportunity to verify or 0 check into that on the break? 3 4 Yes, I did. A guick call was made to A 5 INDETEC. INDETEC is one of the developers of the 6 model. 7 Mr. Pitkin says there's one location out of 23,000 grids where we build more than an 18,000-foot 8 loop. We've done an analysis. We can't find that one 9 10 location. According to our analysis, we don't have 11 any loops that are over 18,000 feet. MR. REHWINKEL: That's all I have. 12 Madam Chairman, I also wanted to raise as a 13 matter, Dr. Staihr referred in some of his answers to 14 15 the handout that was used on the first morning. I would suggest it would be appropriate to mark that as 16 17 an exhibit, since it was used in his description and 18 some of his answers to his testimony. CHAIRMAN JOHNSON: Okay. We'll mark that 19 as Exhibit 63, with a short title, Staihr's handout. 20 21 MR. REHWINKEL: BCPM presentation slides? 22 CHAIRMAN JOHNSON: Sure. (Exhibit 63 marked for identification.) 23 MR. LAMOUREUX: Since we're doing that, to 24 25 make the record complete, could we mark the slides

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1 that Mr. Wood used in his presentation as the next exhibit? 2 CHAIRMAN JOHNSON: We'll mark that as --3 MR. REHWINKEL: Madam Chairman, in 4 fairness, I have no objection. Mr. Wood is coming on, 5 б and it may be appropriate to do it with his testimony. 7 MR. LAMOUREUX: That's fine. I figured I could do it now or I could do it later, and before I 8 forgot, I thought I would do it now. 9 MR. REHWINKEL: I have no objection. I had 10 a different basis for it, but in fairness, 11 Mr. Lamoureux has a valid point. 12 CHAIRMAN JOHNSON: Do you want to do it now 13 or when he comes on -- you want to just mark it so --14 MR. LAMOUREUX: Yes, please. 15 CHAIRMAN JOHNSON: We'll mark it as 64, and 16 it will be the HIF presentation slides. Did I say --17 18 HAI. (Exhibit 64 marked for identification) 19 MR. REHWINKEL: At this time I would move 20 Exhibits 57, 58, 59, and 63. 21 CHAIRMAN JOHNSON: Show 57, 58, 59, 60, 22 and 63 admitted. And we had two late-filed, 61 and 23 62, Staff late-fileds. And we have 64, which is the 24 AT&T slide presentation. Show that admitted without 25

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