

1 structure cost to \$0.79 per foot as shown in Row C. This is less than the HM 5.2a-MA
2 value of \$0.82. Thus the difference between the HM 4.0 and HM 5.2a-MA results can be
3 fully explained by the difference in Massachusetts-specific versus nationwide structure
4 mix percentages.²⁹

5 **Q. PLEASE SUMMARIZE YOUR DISCUSSION OF DR. TARDIFF'S CLAIMS**
6 **ABOUT THE DIFFERENCE IN THE AVERAGE STRUCTURE COST FROM**
7 **HM 2.2.2 TO HM 4.0 TO HM 5.2A-MA.**

8 A. In summary, I have identified three primary reasons for the difference in average
9 structure cost that explain the vast majority of the difference between the three versions
10 of the model. These reasons are based on differences in the vintage of demand data
11 utilized, differences in Massachusetts-specific versus nationwide inputs, and differences
12 in the demographic context of the model. None of these reasons reflects a "convenient"
13 change of inputs or a "result-oriented" attitude on the part of the HAI developers. Nor
14 are they caused by the HAI developers assuming that "the costs of support structure
15 materials and their installation are less than half as expensive as AT&T and MCI OSP
16 'experts' asserted in this proceeding just three years ago," as Dr. Tardiff asserts.³⁰

17 **Q. AT P. 20, DR. TARDIFF CLAIMS THAT "THE HATFIELD MODEL**
18 **ARBITRARILY REDUCES CURRENT NETWORK OPERATIONS EXPENSE**
19 **(ACCOUNT 6530) IMMEDIATELY BY ONE HALF." ACCORDING TO DR.**
20 **TARDIFF, "THERE IS SIMPLY NO BASIS TO CONCLUDE THAT THE COST**
21 **OF AN ILEC'S FORWARD-LOOKING NETWORK OPERATIONS EXPENSE**
22 **WILL BE INSTANTLY REDUCED BY ONE HALF, AND WILL CONTINUE TO**
23 **DECREASE BY 50% EACH YEAR." HE THEN GOES ON TO CITE HIS**
24 **VERSION OF THE HISTORY OF THE NETWORK OPERATIONS FACTOR IN**
25 **THE HAI MODEL. HOW DO YOU RESPOND TO THESE ASSERTIONS?**

(continued)

D are based on a consistent definition of the zones.

²⁹ As in the case of the HM 2.2.2 versus HM 5.2a-MA comparison, there are other factors that affect this comparison as well, some of which tend to increase the cost of HM 4.0 relative to HM 5.2a-MA, and others of which tend to decrease the relative costs.

³⁰ Tardiff, at p. 24.