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AZ CORP COMMISSION
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1 **LEWIS**
2 **AND**
3 **ROCA**
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BEFORE THE ARIZONA CORPORATION COMMISSION

7 **WILLIAM A. MUNDELL**
8 **Chairman**

9 **JAMES M. IRVIN**
10 **Commissioner**

11 **MARC SPITZER**
12 **Commissioner**

Arizona Corporation Commission

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13)
14 **IN THE MATTER OF U S WEST**
15 **COMMUNICATIONS, INC.'S**
16 **COMPLIANCE WITH § 271 OF THE**
17 **TELECOMMUNICATIONS ACT OF**
18 **1996**

Docket No. T-00000A-97-0238

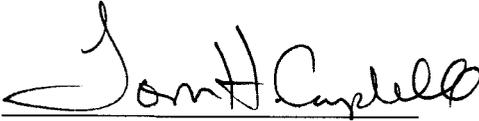
**WORLDCOM'S SUMMARY OF
PROPOSED COMMENTS TO BE
DISCUSSED AT THE SPECIAL
OPEN MEETING ON
AUGUST 23, 2001**

19
20 WorldCom, Inc. ("WorldCom") files the attached summary of proposed comments to be
21 discussed by Mr. James Lewis, Senior Vice President and Regional Executive, and Mr. Michael
22 Beach, Vice President of West Region/Telco Line Cost Management at the special open meeting
23 to be held on August 23, 2001.
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RESPECTFULLY submitted this 20th day of August, 2001

LEWIS AND ROCA LLP



Thomas H. Campbell
40 N. Central Avenue
Phoenix, Arizona 85007
(602) 262-5723

-- AND --

Teresa Tan
201 Spear Street, Dept. 9976
San Francisco, California 94105
(415) 228-1445

Attorneys for WorldCom, Inc.

**Before the Arizona Corporation Commission
Open Meeting on Qwest's 271 Application
August 23, 2001**

Summary of WorldCom's Proposed Comments

1. Profitability is the Key to WorldCom's Entry Into the Local Market
 - Setting proper TELRIC rates for unbundled network elements (UNEs) is the most important and effective action that the ACC can take to create a competitive local marketplace.
 - The current rates in Arizona, and in fact throughout Qwest territory, far exceed TELRIC levels. There will be little or no residential competition as long as that remains the case.
 - Local is a major priority for MCI, the residential business group of WorldCom. MCI's PRIMARY business is providing telecommunication services to residential customers.
 - MCI provides residential local services today in New York, Texas, Pennsylvania, Michigan, Illinois and Georgia, serving upwards of 2 million customers.
 - MCI assesses the business opportunity and profitability before entering a state.
 - The SINGLE most important factor for MCI in assessing the business opportunity for residential local service in a state is the UNE pricing approved by state regulators – especially switching and loop rates.
 - Arizona's switching rates are substantially higher than the corresponding rates in Texas, Pennsylvania, Michigan, Illinois and Georgia.
 - Arizona's loop rates are substantially higher than the corresponding rates in New York, Texas, Pennsylvania, Michigan, Illinois and Georgia.
 - Given the current disparities, MCI could not profitably enter the Arizona residential market, regardless of the well-intentioned actions taken by the Commission in these 271 proceedings.

2. Arizona also Should Ensure that Pro-Competitive Systems and Regulations are Clearly Established Before Approving Qwest's Application

- The primary goal of the Telecommunications Act of 1996 is to open local markets to competition.
- MCI wants to highlight the 1996 Act's requirements on ILECs that will foster competition.
- MCI continues to have problems with ILECs' systems and processes in Verizon, BellSouth and SBC states (examples to be given).
- Successful implementation of 271 is an evolving, learning experience.
- Given the problems occurring with ILECs in other states, WorldCom urges this Commission to ensure that OSS testing is completed before granting 271 approval as a further incentive to Qwest to comply with the 1996 Act.
- WorldCom urges the following:
 - Focus on "getting it right" rather than rigid adherence to an arbitrary OSS test schedule.
 - Resolution of significant system issues that have already been identified to date.
 - Military style testing must be honored in Arizona to resolve the many issues already identified.
- WorldCom also urges the implementation of performance measures with penalties that are sufficiently large enough to encourage Qwest to comply.

Closing

- Arizona is a fast-growing, economically vibrant state. WorldCom is interested in entering when pricing, accessible telecommunications systems, and regulatory climate will promote business profitability.

1 ORIGINAL and ten (10)
2 copies of the foregoing filed
3 this 20th day of August, 2001,
4 with:

5 Arizona Corporation Commission
6 Docket Control – Utilities Division
7 1200 W. Washington Street
8 Phoenix, Arizona 85007

9 COPY of the foregoing hand-
10 delivered this 20th day of August,
11 2001, to:

12 Maureen Scott
13 Legal Division
14 Arizona Corporation Commission
15 1200 W. Washington Street
16 Phoenix, Arizona 85007

17 Jane Rodda, Administrative Law Judge
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, Arizona 85007

21 Steve Olea, Acting Director
22 Utilities Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

26 COPY of the foregoing mailed
this 20th day of August, 2001, to:

Mark J. Trierweiler
Vice President – Government Affairs
AT&T Communications of the
Mountain States
111 West Monroe, Suite 1201
Phoenix, Arizona 85003

Scott Wakefield
Residential Utility Consumer Office
2828 N. Central Avenue
Phoenix, Arizona 85004

Maureen Arnold
US West Communications, Inc.
3033 N. Third Street
Room 1010
Phoenix, Arizona 85012

LEWIS
AND
ROCA
LLP
LAWYERS

- 1 Mark Dioguardi
Tiffany and Bosco PA
500 Dial Tower
1850 N. Central Avenue
Phoenix, Arizona 85004
- 2
- 3
- 4 Thomas L. Mumaw
Snell & Wilmer
One Arizona Center
Phoenix, Arizona 85004-0001
- 5
- 6 Andrew O. Isar
TRI
4312 92nd Avenue N.W.
Gig Harbor, Washington 98335
- 7
- 8
- 9 Darren S. Weingard
Stephen H. Kukta
Sprint Communications Co., L.P.
1850 Gateway Drive, 7th Floor
San Mateo, CA 94404-2467
- 10
- 11
- 12 Timothy Berg
Fennemore, Craig, P.C.
3003 N. Central Avenue
Suite 2600
Phoenix, Arizona 85012-3913
- 13
- 14
- 15 Charles Steese
Andrew Craine
Qwest
1801 California Street, Ste. 5100
Denver, Colorado 80202
- 16
- 17
- 18 Joan S. Burke
Osborn & Maledon
2929 N. Central Avenue
21st Floor
Phoenix, Arizona 85067-6379
- 19
- 20
- 21 Richard S. Wolters
AT&T & TCG
1875 Lawrence Street
Suite 1575
Denver, Colorado 80202
- 22
- 23
- 24 Michael M. Grant
Todd C. Wiley
Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, AZ 85016-4240
- 25
- 26

LEWIS
AND
ROCA
LLP
LAWYERS

- 1 Raymond S. Heyman
- 2 Michael Patten
- 3 Roshka Heyman & DeWulf
- 4 Two Arizona Center
- 5 400 Fifth Street
- 6 Suite 1000
- 7 Phoenix, Arizona 85004
- 8 Diane Bacon, Legislative Director
- 9 Communications Workers of America
- 10 5818 North 7th Street
- 11 Suite 206
- 12 Phoenix, Arizona 85014-5811
- 13 Charles Kallenback
- 14 ACSI
- 15 131 National Business Parkway
- 16 Annapolis Junction, Maryland 20701
- 17 Bradley Carroll, Esq.
- 18 Cox Arizona Telcom, L.L.C.
- 19 1550 West Deer Valley Road
- 20 Phoenix, Arizona 85027
- 21 Joyce Hundley
- 22 United States Department of Justice Antitrust Division
- 23 1401 H Street, N.W.
- 24 Suite 8000
- 25 Washington, D.C. 20530
- 26 Daniel Waggoner
- Davis Wright Tremaine
- 2600 Century Square
- 15011 Fourth Avenue
- Seattle, Washington 98101-1688
- Alaine Miller
- NextLink Communications, Inc.
- 500 108th Avenue NE, Suite 2200
- Bellevue, Washington 98004
- Mark N. Rogers
- Excell Agent Services, LLC
- 2175 W. 14th Street
- Tempe, Arizona 85281
- Traci Grundon
- Davis Wright Tremaine LLP
- 1300 S.W. Fifth Avenue
- Portland, Oregon 97201

1 Mark P. Trinchero
2 Davis Wright Tremaine LLP
3 1300 S.W. Fifth Avenue, Suite 2300
4 Portland, Oregon 97201

4 Gena Doyscher
5 Global Crossing Local Services, Inc.
6 1221 Nicollet Mall
7 Minneapolis, Minnesota 55403-2420

6 Penny Bewick
7 New Edge Networks, Inc.
8 P.O. Box 5159
9 Vancouver, WA 98668

9 Jon Loehman
10 Managing Director-Regulatory
11 SBC Telecom, Inc.
12 5800 Northwest Parkway
13 Suite 135, Room I.S. 40
14 San Antonio, TX 78249

12 M. Andrew Andrade
13 5261 S. Quebec Street
14 Suite 150
15 Greenwood Village, CO 80111

15 Douglas Hsiao
16 Rhythms Links Inc.
17 9100 E. Mineral Circle
18 Englewood, CO 80112

17 Karen Clauson
18 Eschelon Telecom, Inc.
19 730 2nd Avenue South
20 Suite 1200
21 Minneapolis MN 55402

20 Andrea P. Harris
21 Senior Manager, Regulatory
22 Allegiance Telecom, Inc. of Arizona
23 2101 Webster, Suite 1580
24 Oakland, CA 94612

25 
26