



0000031208

BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

JUN 13 2000

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

DOCKETED BY

IN THE MATTER OF THE PETITION OF SPRINT COMMUNICATIONS COMPANY, L.P., FOR ARBITRATION OF INTERCONNECTION RATES, TERMS, CONDITIONS AND RELATED ARRANGEMENTS WITH U S WEST COMMUNICATIONS, INC.

DOCKET NO. T-02432B-00-0026
DOCKET NO. T-01051B-00-0026

DECISION NO. 62650

OPINION AND ORDER

DATE OF ARBITRATION: April 18 and 19, 2000
PLACE OF ARBITRATION: Phoenix, Arizona
PRESIDING OFFICERS: Jerry L. Rudibaugh
Karen E. Nally
Stephen Gibelli
APPEARANCES: Mr. Darren S. Weingard and Mr. Steven Kukta, on behalf of Sprint Communications Company, L.P.;
Mr. John M. Devaney, PERKINS COIE, LLP, on behalf of U S WEST Communications Inc., and;
Ms. Maureen A. Scott, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On January 11, 2000, Sprint Communications Company, L.P. ("Sprint") filed with the Arizona Corporation Commission ("Commission") a Petition for Arbitration of Interconnection Rates, Terms, and Conditions ("Petition") pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 ("Act").

Our January 26, 2000 Procedural Order set the above-captioned matter for arbitration. Our February 3, 2000 Procedural Order modified the procedural dates and set the arbitration to commence on March 23, 2000.

On February 7, 2000, U S WEST filed its Response to the Petition.

On February 14, 2000, a telephonic conference call was held between the Chief Arbitrator, counsel for Sprint and counsel for U S WEST to discuss proposed changes to our Procedural Order

1 dated February 3, 2000. Following the telephone conference, Sprint and U S WEST filed a Jo
2 Stipulation regarding Continuance of Arbitration Dates. Upon consideration of the parties' Joint
3 Stipulation, and finding good cause therefore, we amended our February 3, 2000 Procedural Order.
4 The February 22, 2000 Procedural Order set the hearing for April 18 and 19, 2000.

5 The parties notified the Commission that they had resolved most of the issues regarding
6 interconnection, that a hearing was necessary regarding one of the issues, and that the remaining
7 issues would be submitted in briefs and pre-filed testimony for the Commission's determination. The
8 parties then submitted post-hearing briefs on April 28, 2000.

9 DISCUSSION

10 On February 8, 1996, President Clinton signed the Act into law which established new
11 responsibilities for the Federal Communications Commission ("FCC") as well as for the various state
12 commissions.¹ On July 2, 1996, the FCC issued *Telephone Number Portability*, CC Docket No. 95-
13 116, First Report and Order and Further Notice of Proposed Rulemaking, FCC 96-268 ("TNP
14 Order"), which established rules so that a customer who changes his local exchange carrier ("LEC
15 in the same local service area may keep the same telephone number. On July 22, 1996, the
16 Commission in Decision No. 59762 adopted A.A.C. R14-2-1501 through A.A.C. R14-2-1507
17 ("Arbitration and Mediation Rules"), which authorized the Hearing Division to establish procedures
18 and conduct arbitrations. Also on July 22, 1996, the Commission in Decision No. 59761 adopted
19 A.A.C. R14-2-1301 through 1311 ("Interconnection Rules"), to govern the interconnection of local
20 exchange services between incumbent LECs ("ILECs") and competing LECs ("CLECs"). On August
21 8, 1996, the FCC released *Implementation of the Local Competition Provisions of the*
22 *Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, FCC 96-325
23 ("Order") and *Implementation of the Local Competition Provisions of the Telecommunications Act of*
24 *1996*, CC Docket No. 96-98, Second Report and Order and Memorandum Opinion and Order, FCC
25 96-333, in which the FCC adopted initial rules ("Rules") designed to accomplish the goals of the
26

27 ¹ As part of the Act, the FCC was ordered to issue regulations no later than August 8, 1996 interpreting
28 many of the broad and general terms of the Act.

Act.²

2 Pursuant to the Act, telecommunications carriers desiring to interconnect with the facilities
3 and equipment of an ILEC may negotiate the terms of such interconnection directly with the ILEC.
4 If the parties are unsuccessful in negotiating an Agreement, any party to the negotiation may request
5 the Commission to arbitrate any open issues regarding interconnection. The Act requires the
6 Commission to resolve any such issues within 180 days of a telecommunications carrier's initial
7 request to the ILEC for interconnection.

8 The arbitration in this matter took place, as scheduled, on April 18 and 19, 2000.

9 Pursuant to § 252(b)(4)(C) of the Act, the Commission hereby resolves the issues presented
10 for arbitration.

11 Reciprocal Compensation

12 Sprint and U S WEST have been unable to agree on whether Sprint is entitled to reciprocal
13 compensation for traffic which it delivers to an internet service provider ("ISP") on U S WEST's
14 network.

15 Sprint's position

16 It is Sprint's position that this Commission has the authority and must decide an appropriate
17 mechanism for inter-carrier compensation for ISP-bound traffic. Sprint believes that this
18 Commission has the responsibility to resolve interconnection disputes between carriers, including the
19 instant dispute. Sprint believes that the FCC has left it to state commissions, pursuant to Section 252
20 of the Act, to determine an appropriate rate for such traffic until the FCC sets permanent rates for
21 such traffic. "Declaratory Ruling in CC Docket No. 9-68," In the Matter of Implementation of the
22 Local Competition Provisions in the Telecommunications Act of 1996, CC Dkt. No. 96-98 (rel.
23 February 16, 1999). ("ISP Order").

24 Sprint argues that the FCC found that it is reasonable for state commissions to continue
25 applying reciprocal compensation for ISP-bound traffic. Sprint states that the FCC has said that
26 although it has not adopted a specific rule governing this matter of intercarrier compensation, it noted

27 _____
28 ² Unless otherwise noted, any reference to "Para." in this Decision is to Paragraphs in the Order.

1 that its policy of "treating ISP-bound traffic as local for purposes of interstate access charges wo
2 if applied in the separate context of intercarrier compensation, suggest that such compensation is due
3 for that traffic." Id. at para. 25. Sprint's position is that carriers incur significant costs in terminating
4 traffic to ISPs, and that such traffic should be compensated. It believes that reciprocal compensation
5 remains the best mechanism for ensuring that costs associated with termination of this type of traffic
6 are paid. Unless U S WEST pays reciprocal compensation on ISP-bound traffic, Sprint would be left
7 uncompensated for its legitimate costs of terminating such traffic.

8 Sprint contends that ISP-bound traffic is either local or must be treated as local for inter-
9 carrier compensation purposes, rendering reciprocal compensation as the only mechanism that
10 currently compensates Sprint for the costs of terminating calls which U S WEST incurs.

11 In conclusion, Sprint's proposed language is:

12 As set forth herein, the Parties agree that without regard to characterization of
13 traffic as interstate or local, traffic carried or delivered to one carrier which is then
14 delivered to an ESP, including, but not limited to ISPs, shall be compensated at the
15 same rates as the reciprocal compensation rates for the termination of local traffic f
the interim period until such time as the FCC determines rates specific to the transpc
and termination of traffic to ESPs through a mechanism for intercarrier compensation.

16 U S WEST's position

17 U S WEST's position is that the FCC will ultimately speak to the issue of the appropriate
18 method of inter-carrier compensation for this type of traffic. U S WEST believes that the FCC's
19 consideration of this issue may preempt state commissions' decisions regarding reciprocal
20 compensation.

21 U S WEST contends that reciprocal compensation only applies to local calls and the FCC has
22 ruled that ISP traffic is interstate in nature and therefore, not subject to the reciprocal compensation
23 provisions of Section 251(b)(5) of the Act. U S WEST states that the FCC has determined that
24 Internet traffic does not terminate at the ISP's local server, but flows through the ISP's equipment
25 and terminates at a distant internet website that is often in another state. ISP Order at Para. 12.

26 U S WEST contends that reciprocal compensation is appropriate only for two-way traffic
27 whereby each provides some service to the other. In the Matter of the Petition of Airtouch Pagin
28 Inc. for Arbitration of an Interconnection Agreement with U S WEST, Docket No. 99A-001T,

1 Decision No. C99-651, pg. 9. U S WEST believes that ISP bound traffic is one-way traffic and is not
2 eligible for reciprocal compensation. U S WEST argues that there is no sound policy reason for it to
3 subsidize Sprint by paying it reciprocal compensation for handling traffic that is not local. U S
4 WEST states that it may have to recover these substantial costs from its ratepayers, which will result
5 in a subsidy of the Internet.

6 U S WEST's proposed language is:

7 As set forth herein, the Parties agree that reciprocal compensation only applies
8 to Local Traffic and further agree that the FCC has determined that traffic originated
9 by either Party (the "Originating Party") and delivered to the other Party, which in turn
10 delivers the traffic to an enhanced service provider (the "Delivering Party") is
11 primarily interstate in nature. Consequently, the Delivering Party must identify which,
12 if any, of this traffic is Local Traffic. The Originating Party will only pay reciprocal
13 compensation for the traffic the Delivering Party has substantiated to be Local Traffic.
14 In the absence of such substantiation, such traffic shall be presumed to be interstate.

15 Alternatively, U S WEST asserted that if the Commission determines that reciprocal
16 compensation does apply to ISP traffic, the rates should not be the local voice reciprocal
17 compensation rates. U S WEST recommended that the Commission open a separate docket for the
18 purpose of establishing a separate rate for Internet traffic. U S WEST also indicated that is has the
19 capability of distinguishing between voice and Internet traffic.

20 Staff's position

21 Staff's position is that the Commission has the authority to decide the reciprocal
22 compensation issue between the parties based on authority given it under Section 252 of the Act to
23 resolve disputes between carriers.

24 Staff points out that the FCC had determined that while ISP calls were jurisdictionally mixed,
25 they were predominantly interstate under its traditional "end to end" analysis and should be classified
26 as "interstate." However, Staff also notes that the FCC's finding that ISP calls were "interstate" was
27 vacated by the D.C. Circuit Court of Appeals and the issue was remanded to the FCC for further
28 consideration. Staff points out that the D.C. Circuit Court of Appeals decision calls into question the
use by the FCC of its traditional end-to-end analysis to determine whether ISP traffic should be
classified as "interstate" or "local."

Staff believes that ISP calls are more similar to local calls than long-distance calls. Staff

1 contends that ISP bound traffic is very similar in nature to other traffic classified as "local", such
2 LAN traffic.

3 Staff concludes that the Commission at this time need not decide how to classify ISP calls for
4 jurisdictional purposes. Staff also does not believe that the Commission needs to make such a
5 determination to resolve the present dispute. Staff recommends that this issue be subject to further
6 examination in the context of a larger generic investigation such as the wholesale cost docket where
7 all interested and affected carriers can participate and give input in these issues.

8 Commission's resolution

9 The FCC has made it clear that, in the absence of any FCC rule regarding compensation for
10 ISP-bound traffic, state commissions may examine interconnection agreements and consider all
11 relevant facts, including the negotiation of the agreements in the context of the FCC's longstanding
12 policy of treating this traffic as local, and the conduct of the parties pursuant to those agreements.
13 Other factors for state commissions to consider include whether incumbent LECs serving ESPs
14 (including ISPs) have done so out of intrastate or interstate tariffs; whether revenues associated with
15 those services were counted as intrastate or interstate revenues; whether there is evidence that
16 incumbent LECs or CLECs made any effort to meter this traffic or otherwise segregate it from local
17 traffic, particularly for the purpose of billing one another for reciprocal compensation; whether, in
18 jurisdictions where incumbent LECs bill their end user by message units, incumbent LECs have
19 included calls to ISPs in local telephone charges; and whether, if ISP traffic is not treated as local and
20 subject to reciprocal compensation, incumbent LECs and CLECs would be compensated for this
21 traffic. ISP Order Para. 24.

22 When parties are unable to agree on an inter-carrier compensation mechanism for ISP-bound
23 traffic, as is the case here, the FCC has determined that state commissions may, through the
24 arbitration process, determine whether reciprocal compensation should be paid for this traffic. The
25 FCC has also determined that while it has not adopted a specific rule governing reciprocal
26 compensation for ISP-bound traffic, the FCC policy treats ISP-bound traffic as local for purposes of
27 interstate access charges. ISP Order Para. 25.

28

1 Given the discrepancy in the treatment of ISP-bound traffic, it is important to examine the
2 process involved with ISP-bound traffic. An ISP call is made when a customer of an ISP, an end-
3 user making an Internet call, seeks to connect with the ISP that is providing the end-user with access
4 to the Internet Direct Testimony of Joseph Craig page 11. Assuming the use of a dial-up connection,
5 the end-user connects to its ISP using the public switched telephone network. The same switch is
6 used to originate ISP calls as is used to originate local and long distance calls. Id.

7 U S WEST admitted that ISP traffic is routed over the same U S WEST network that a local
8 call would and that the same switch is used for both calls. Both calls receive the same switching,
9 transmission, and termination facilities. (TR., page 162). In addition, U S WEST treats ISPs as local
10 not only for purposes of purchasing facilities to connect to the local and internet networks, but that
11 the prices charged for such facilities are contained in local tariffs. (TR., page 124).

12 Sprint is concerned that if U S WEST is not required to pay reciprocal compensation for
13 Internet traffic, it would relieve U S WEST from paying reciprocal compensation for local voice
14 traffic as U S WEST cannot distinguish between voice and data traffic. U S WEST stated that it is
15 able to identify Internet traffic and distinguish it from voice traffic.

16 We share U S WEST's concern that establishing reciprocal compensation for ISP bound
17 traffic would result in ratepayers subsidizing the Internet. Further, this Commission recognizes that
18 ISP bound traffic increases the need for additional infrastructure to accommodate increased network
19 traffic. Thus, it is inappropriate for this Commission to order U S WEST to construct facilities to
20 handle additional traffic and pay for the privilege of doing such. Therefore, we believe that bill and
21 keep is the appropriate compensation method for ISP bound traffic.

22 Definition of "Currently Combined"

23 Sprint and U S WEST have a fundamental disagreement concerning the definition of
24 combinations. However, both Sprint and U S WEST have agreed to proposed contract language
25 regarding this issue.

26 Sprint's position

27 It is Sprint's position that Section 251(c)(3) of the Act requires ILECs to provide
28 "nondiscriminatory access to network elements on an unbundled basis at any technically feasible

1 point on rates, terms, and conditions that are just, reasonable and nondiscriminatory” Spr
 2 believes that U S WEST’s proposed limitation of providing only “preexisting” combinations is
 3 unreasonable and discriminatory. Sprint notes that other Commissions have held that U S WEST
 4 must combine elements of the type that it currently combines in its network.

5 Sprint’s proposed language is:

6 Sprint and U S WEST have a fundamental disagreement as to the definition of
 7 combinations. As used in this Section (E), U S WEST defines combinations,
 8 including but not limited to the UNE Platform, as those elements which are already
 9 preexisting combinations in the network. As used in this Section (E), Sprint believes
 10 that U S WEST has an obligation to combine UNEs, including but not limited to the
 11 UNE Platform. Wherever the elements are, either currently combined or normally
 combined, meaning existing or new elements, Sprint believes U S WEST has an
 obligation to provide those elements in combination. The Parties acknowledge that
 the term “currently combined” in Rule 51.3159(b) is still pending Eighth Circuit Court
 of Appeals interpretation. The outcome of this dispute may require further negotiation
 of additional rates, terms and conditions to account for new combinations.

12 U S WEST’s position

13 U S WEST believes that the phrase “currently combined” describes those pre-existing or
 14 already combined unbundled network elements (UNEs), which U S WEST will provide to Sprint a
 15 UNE in accordance with 47 C.F.R. 51.315(b).

16 U S WEST’s argument is largely based on the language in Rule 315 which states that
 17 “[e]xcept upon request, an incumbent LEC shall not separate requested network elements that the
 18 incumbent LEC currently combines.” Id. U S WEST believes that the language of 315(b) has a strict
 19 and narrow focus. U S WEST believes that the plain meaning of the language “currently combined”
 20 is customer specific and suggests a condition that presently exists. Id.

21 U S WEST’s proposed language is:

22 Sprint and U S WEST have a fundamental disagreement as to the definition of
 23 combinations. As used in this Section (E), U S WEST defines combinations,
 24 including but not limited to the UNE Platform, as those elements which are already
 25 preexisting combinations in the network. As used in this Section (E), Sprint believes
 26 that U S WEST has an obligation to combine UNEs, including but not limited to the
 27 UNE Platform. Wherever the elements are, either currently combined or normally
 combined, meaning existing or new elements, Sprint believes U S WEST has an
 obligation to provide those elements in combination. The Parties acknowledge that
 the term “currently combined” in Rule 51.3159(b) is still pending Eighth Circuit Court
 of Appeals interpretation. The outcome of this dispute may require further negotiatio:
 of additional rates, terms and conditions to account for new combinations.

1 Staff's position

2 Staff believes that the Commission should accept Sprint's definition of the term "currently
3 combined" contained in 47 C.F.R. Section 51.315(b) since U S WEST's definition is unduly narrow
4 and would produce an unreasonable result.

5 Staff believes that U S WEST's interpretation of "currently combined" is anticompetitive in
6 nature. Staff states that U S WEST witness Hooks recommended that the Commission define the
7 term to mean elements actually combined at the time the request is made for the particular customer
8 to whom the CLEC is providing the service. U S WEST Exhibit 8, pages 3-5. Staff argues that the U
9 S WEST definition would result in the enormous administrative task of having to keep track of the
10 specific network configuration for each of U S WEST's almost three million Arizona customers and
11 that the costs to provide service to customers may be so unreasonable in some instances as to
12 preclude the CLEC from even offering competitive service to the customer in question.

13 Commission's resolution

14 The Commission agrees with Sprint and Staff and therefore adopts Sprint's proposed
15 definition of "currently combined." U S WEST's rigid interpretation of the term "currently
16 combined" would undermine the competitive purposes of the Act and has the potential to affect the
17 ability of competitive carriers to compete in Arizona. It is reasonable to conclude, as the Minnesota
18 Public Utilities Commission did, that "currently combined" refers to the company's normal business
19 practices and ordinary operation of its network and not the specific configuration for each of its
20 individual customers.

21 Combinations of UNEs not currently combined

22 Sprint and U S WEST disagree on whether or not U S WEST must provide Sprint with
23 combinations of UNEs that are not currently combined or pre-existing within U S WEST's network.

24 Sprint's position

25 Sprint believes that this issue is essentially the same as the previous one. Sprint believes that
26 U S WEST must provide it with access to UNEs under equal terms and conditions as it provides to
27 itself. Sprint argues that U S WEST cannot restrict its provision of UNE combinations to "pre-
28 existing" combinations for Sprint, when it fails to impose the same restrictions on itself. Sprint

1 believes that under U S WEST's restrictions, its ability to effectively compete is hindered. Da
2 Stahly Direct page 24.

3 Sprint's proposed language is:

4 Upon request U S WEST shall perform the functions necessary to combine
5 unbundled network elements in any manner, even if those elements are not currently
6 combined for a given customer, provided that such combination is technically feasible
and would not impair the ability of other carriers to obtain access to unbundled
network elements or to interconnect with U S WEST's network.

7 U S WEST's position

8 U S WEST believes that it is under no obligation to provide UNE combinations for UNEs that
9 are not currently combined or pre-existing within U S WEST's network. U S WEST is willing to
10 provide Sprint with UNEs that are "currently combined" consistent with the decision of the Eighth
11 Circuit. In Iowa Utilities Board, the Eighth Circuit vacated the rules requiring ILECs to combine for
12 CLECs elements that are not already combined. Iowa Utilities Board v. FCC, 120 F.3d 753 (8th
13 Circuit 1997), aff'd in part, rev'd in part, AT&T Corp. v. Iowa Utilities Board, 119 S.Ct. 721 (1999).

14 U S WEST's proposed language is:

15 U S WEST will not on behalf of Sprint, create combinations of network
16 elements, facilities, or features that it does not have in an already combined state.

17 U S WEST will not, on behalf of Sprint, combine any element in its network or
18 any UNE combination with Sprint's network elements, features or services to create
a finished service. Sprint must perform this work for itself within its collocation
19 arrangement.

20 Staff's position

21 Staff believes that given the Eighth Circuit's original ruling on 47 C.F.R. Sections 51.315(c) -
22 (f), which is now under review, the 1996 Act cannot be read at this time to mandate an obligation on
23 U S WEST's part to combine elements not already combined at Sprint's request. However, Staff
24 believes that such a provision placed in the parties' agreement would not be inconsistent with the Act
25 based on the recent Ninth Circuit opinion. MCI Telecommunications Corporation v. U S WEST
26 Communications, 204 F.3d 1262 (9th Cir. March 2, 2000).

27 Staff cites a Ninth Circuit Court of Appeals opinion in which the Court upheld a provision
28 an interconnection agreement between MCI and U S WEST which required U S WEST to combine

1 uncombined UNEs at the request of MCI. *Id.* The Court reasoned that while the Eighth Circuit's
2 ruling on 51.315 (c)-(f) is still valid, a provision requiring U S WEST to combine UNEs not currently
3 combined is consistent with the 1996 Act. Therefore, Staff is of the opinion that the Commission can
4 order U S WEST to combine elements at Sprint's request and such a provision is consistent with the
5 1996 Act.

6 Commission's resolution

7 This Commission has consistently and adamantly supported competition for the people of Arizona.
8 We generally concur with U S WEST that the law does not currently obligate it to bundle those
9 elements that it does not currently bundle for its own customers. U S WEST should provide Sprint
10 those bundled elements that it currently offers to its own customers. However, if U S WEST bundles
11 its elements differently in the future or the state of the law changes, then it shall make those bundled
12 elements available to Sprint as well.

13 Non-recurring charges for UNE combinations

14 The parties also disagreed as to whether or not U S WEST should be permitted to recover its
15 non-recurring costs for each element that comprises a part of a pre-existing UNE combination.

16 Sprint's position

17 Sprint contends that U S WEST is not entitled to a non-recurring charge equal to the sum of
18 the per element non-recurring charges for providing currently combined elements. Sprint is willing
19 to pay legitimate non-recurring charges that account for real costs incurred in providing access to
20 unbundled network elements. However, Sprint believes that U S WEST's position distorts the
21 meaning of Section 251(d)(1) of the Act. Sprint argues that any recovery of non-recurring charges
22 for conversion of preexisting arrangements, excluding recovery of non-recurring charges for a billing
23 change or record change, constitutes recovery of "phantom" charges. Sprint believes that this results
24 in a windfall to U S WEST which is discriminatory and anticompetitive.

25 Sprint's contention is that U S WEST performs no other work justifying recovery of non-
26 recurring charges. Therefore, recovery of such non-cost based charges by U S WEST is arbitrary,
27 unjust, unreasonable and violates Section 251 of the Act.

28 Sprint has proposed that no contract language be included.

1 U S WEST's position

2 U S WEST does not believe that there is a reasonable dispute over its right to recover the non-
3 recurring costs that it incurs to provide Sprint with access to UNEs. U S WEST relies on Section
4 252(d)(1) of the Act which requires that incumbent local exchange carriers be permitted to recover
5 the costs they incur to provide access to UNEs. U S WEST believes that this right to cost recovery
6 includes the non-recurring costs that U S WEST incurs to provide UNEs.

7 U S WEST's proposed language is:

8 Nonrecurring charges for each unbundled network element that comprise the
9 UNE combination shall apply when a UNE combination is ordered. These non-
recurring charges are described in Sprint's Agreement and Exhibit A.

10 Staff's position

11 Staff does not believe that there is sufficient support in the record to support U S WEST's
12 position that it is entitled to recover each separate non-recurring charge for every element offered
13 within the UNE combination.

14 Staff agrees with U S WEST's contention that it is entitled to recover its cost for providing
15 UNEs, including non-recurring costs to provide Sprint with UNE combinations. However, Staff
16 believes that U S WEST should not be allowed to impose separate non-recurring charges for each
17 element in any pre-existing combination provided to Sprint. Staff believes that there is insufficient
18 support in the record for U S WEST's position that the costs it incurs when it provides the elements
19 individually is the same as the cost that the Company incurs when it provides the pre-existing
20 combined elements in the aggregate.

21 Commission's resolution

22 We concur with U S WEST that it is entitled to reasonable and prudent non-recurring charges
23 that account for the costs incurred in providing access to unbundled network elements. Accordingly,
24 U S WEST can recover its reasonable and prudent costs for providing an individual, unbundled
25 network element. U S WEST can also recover its reasonable and prudent costs for providing pre-
26 existing combined elements in the aggregate. U S WEST is not entitled to a separate charge for eac'
27 individual element combined, but is entitled to its reasonable and prudent costs for providing the pre-
28

1 existing combined elements. If the parties cannot agree on the appropriate costs, they can establish
2 interim rates subject to refund for review in the general cost docket.

3 * * * * *

4 Having considered the entire record herein and being fully advised in the premises, the
5 Commission finds, concludes, and orders that:

6 **FINDINGS OF FACT**

7 1. Sprint has been granted authority by the Commission to provide competitive
8 telecommunications services to the public in Arizona.

9 2. U S WEST is certificated to provide local exchange and intraLATA
10 telecommunications services to the public in Arizona pursuant to Article XV of the Arizona
11 Constitution.

12 3. On January 11, 2000, Sprint filed with the Commission a Petition pursuant to the Act.

13 4. On February 7, 2000, U S WEST filed its Response to the Petition.

14 5. Pursuant to the Amended Procedural Order dated February 22, 2000, an arbitration
15 was scheduled for April 18 and 19, 2000, at the Commission's offices in Phoenix.

16 6. The parties submitted pre-filed testimony, and agreed that most of the outstanding
17 issues should be resolved based on that testimony and on post-hearing briefs. The hearing was
18 convened as scheduled for the purposes of resolving the reciprocal compensation issue.

19 7. On April 27, 2000, Sprint filed a Post-Arbitration Brief. On April 28, 2000, U S
20 WEST filed a Post-Arbitration Brief. On May 2, 2000, Staff filed a Post-Arbitration Brief.

21 8. The Commission has analyzed the issues presented by the parties and has resolved the
22 issues as stated in the Discussion above.

23 9. The Commission hereby adopts the Discussion and incorporates the parties' positions
24 and the Commission's resolution of the issues herein.

25 10. Pursuant to A.A.C. R14-2-1506(A), the parties will be ordered to prepare and sign an
26 interconnection agreement incorporating the issues as resolved by the Commission, for review by the
27 Commission pursuant to the Act, within thirty days from the date of this Decision.

28 ...

CONCLUSIONS OF LAW

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1. Sprint is a public service corporation within the meaning of Article XV of the Arizona Constitution.
2. Sprint is a telecommunications carrier within the meaning of 47 U.S.C. § 252.
3. U S WEST is a public service corporation within the meaning of Article XV of the Arizona Constitution.
4. U S WEST is an ILEC within the meaning of 47 U.S.C. § 252.
5. The Commission has jurisdiction over Sprint and U S WEST and of the subject matter of the Petition.
6. The Commission's resolution of the issues pending herein is just and reasonable, meets the requirements of the Act and regulations prescribed by the FCC pursuant to the Act, is consistent with the best interests of the parties, and is in the public interest.

ORDER

IT IS THEREFORE ORDERED that the Commission hereby adopts and incorporates as Order the resolution of the issues contained in the above Discussion.

IT IS FURTHER ORDERED that Sprint Communications Company, L.P. and U S WEST Communications, Inc. shall prepare and sign an interconnection agreement incorporating the terms of the Commission's resolutions.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

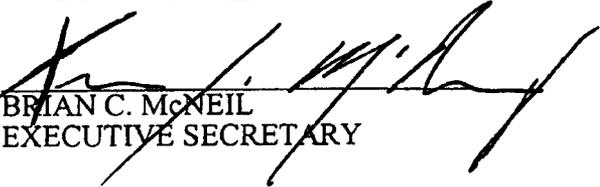
IT IS FURTHER ORDERED that the signed interconnection agreement shall be submitted to the Commission for its review within thirty days of the date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of June, 2000.


BRIAN C. McNEIL EXECUTIVE SECRETARY

DISSENT	
SG:bbs	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SERVICE LIST FOR:

SPRINT COMMUNICATIONS COMPANY, I
AND U S WEST COMMUNICATIONS, INC.

DOCKET NO.

T-02432B-00-0026 and T-01051B-00-0026

Darren S. Weingard
Stephen H. Kukta
SPRINT COMMUNICATIONS CO., L.P.
1850 Gateway Drive, 7th Floor
San Mateo, California 94404

Stephen J. Duffy
RIDGE & ISSACSON, P.C.
3101 N. Central Avenue, Suite 1090
Phoenix, Arizona 85012-2638
Attorneys for SPRINT COMMUNICATIONS, CO., L.P.

Thomas Dethlefs
U S WEST, Inc.
1801 California Street, Site 5100
Denver, Colorado 80202

Timothy Berg
FENNEMORE CRAIG
3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012
Attorneys for U S WEST

Lyn Farmer, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Deborah Scott, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007