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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF QWEST CORPORATION'S TARIFF FILING TO INTRODUCE A NEW RATE STRUCTURE FOR AN ACCESS SERVICE USED BY INTEREXCHANGE CARRIERS	Docket No. T-01051B-01-0391 QWEST CORPORATION'S EXCEPTIONS TO PROPOSED ORDER

QWEST CORPORATION'S EXCEPTIONS TO THE UTILITIES DIVISION'S AUGUST 15, 2001 PROPOSED ORDER

Qwest Corporation ("Qwest"), through its undersigned counsel, submits the following exceptions to the Utilities Division's August 15, 2001 Proposed Order in the above captioned docket. The Arizona Corporation Commission ("Commission") should reject the Proposed Order to suspend the filing of the Common Channel Signaling Access Capability ("CCSAC") section revisions of the Access Service Tariff revisions for the following reasons:

1. The intrastate CCSAC rate was ordered by, and the exact tariff terms, rates and conditions approved by the Federal Communications Commission ("FCC") for Qwest in its interstate tariff. In fact, one of the main policies supporting Qwest's filing of this tariff is to bring intrastate tariff rate elements in line with current interstate tariff rate elements.

2. The exact CCSAC tariff terms, rates and conditions, including interstate, have been approved in ten other Qwest jurisdictions.

3. The revenues generated by the proposed CCSAC rate elements will be completely offset by a decrease in local switching and carrier common line revenues, thereby making this filing revenue neutral to Qwest.

4. The proposed filing with its revenue offsets is, in fact, economically beneficial to over 90 percent of Arizona intrastate switched access customers.

5. The CCSAC filing places the cost of SS7 signaling on the cost causers in direct proportion to the amount of SS7 signaling used.

6. The CCSAC filing removes the burden of the cost of SS7 signaling from those customers who do not use it. Currently, all switched access customers purchasing switched minutes of use from Qwest bear the cost of SS7 signaling whether they use it or not.

7. Qwest's CCSAC filing did not result in <u>any</u> formal intervention from any customer, and resulted in informal intervention from only one third-party signaling provider, Illuminet, in the state of Arizona. This single informal intervention comes from a third-party provider that bears <u>none</u> of the cost of the substantial amount of SS7 signaling it currently uses.

Additionally, the August 15, 2001 Proposed Order recommends suspending the filing because Staff believes that Qwest and the third-party SS7 provider may reach resolution on the issues it raised in its informal intervention. Qwest sees no possibility of reaching an agreement on the demands of that third-party provider, Illuminet, since its primary demand cannot be implemented. The demand is that Qwest bill any local signaling offered over switched access signaling facilities at local interconnection rates, while billing access signaling at access rates.

This demand is not possible for the following reasons:

1. The system (IABS) used by Qwest in connection with billing switched access services, such as those proposed in this tariff, is incapable of separately identifying and rating local usage.
2. The billing of local interconnection rates would necessitate Illuminet entering into an interconnection agreement with Qwest. However, Illuminet has admitted that it does not qualify as a CLEC under the FCC's rules. Therefore, it is not eligible to purchase local interconnection services, regardless of the IABS capabilities.

For these reasons, separate billing for local interconnection signaling offered over switched access signaling facilities, as demanded by Illuminet, is not possible. Further, interconnection rates associated with this type of signaling, as contained in Qwest's current SGAT, are higher than the switched access rates proposed in this filing. Therefore, Illuminet would actually pay more under its proposal than it would under this tariff. No other third-party provider or other SS7 signaling customer has demanded such a billing arrangement, even though those customers may be both switched access and Local Interconnection customers. Qwest and Illuminet have been discussing these same issues for over a year since the tariff was approved by the FCC effective May 30, 2000. Based on these discussions, Qwest does not believe that a mutual agreement on this tariff can be reached with Illuminet.

In summary, the proposed terms, rates and conditions in the CCSAC filing have been approved by the FCC in Qwest's interstate tariff; ten other jurisdictions for which Qwest provides service have approved the exact same filing and rates; these rates are revenue neutral; and resolution between Qwest and the informal third-party intervenor is unlikely.

For the foregoing reasons, the Commission should reject the August 15, 2001, Utilities Division Proposed Order to suspend the CCSAC filing for an additional one hundred and eighty (180) days and approve the filing as submitted.

Respectfully submitted this 24th day of August, 2001.

FENNEMORE CRAIG

By

Timothy Berg
Theresa Dwyer
Darcy Renfro
3003 N. Central Avenue
Suite 2600
Phoenix, Arizona 85004
Attorney for U S West Communications, Inc.

ORIGINAL and 10 copies of the foregoing filed this 24th day of August, 2001, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Avenue
Phoenix, Arizona 85007

COPY of the foregoing hand delivered this 24th day of August, 2001, to:

Steven M. Olea
Acting Director, Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Avenue
Phoenix, Arizona 85007

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Christopher Kempley
Chief Counsel
ARIZONA CORPORATION COMMISSION
1200 West Washington Avenue
Phoenix, Arizona 85007

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