



BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER – Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

2006 JUL 26 P 2:44
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. T-03632A-06-0091
DIECA COMMUNICATIONS DBA COVAD)	T-03406A-06-0091
COMMUNICATIONS COMPANY, ESCHELON)	T-03267A-06-0091
TELECOM OF ARIZONA, INC., MCLEODUSA)	T-03432A-06-0091
TELECOMMUNICATIONS SERVICES, INC.,)	T-04302A-06-0091
MOUNTAIN TELECOMMUNICATIONS, INC.,)	T-01051B-06-0091
XO COMMUNICATIONS SERVICES, INC AND)	
QWEST CORPORATION REQUEST FOR)	
COMMISSION PROCESS TO ADDRESS KEY)	
UNE ISSUES ARISING FROM TRIENNIAL)	
REVIEW REMAND ORDER, INCLUDING)	
APPROVAL OF QWEST WIRE CENTER LISTS.)	

Arizona Corporation Commission
DOCKETED
JUL 26 2006

DOCKETED BY NR

MOTION TO COMPEL

DIECA Communications, Inc., doing business as Covad Communications Company and Mountain Telecommunications, Inc, on behalf of themselves and Eschelon Telecom of Arizona, Inc., McLeodUSA Telecommunications Services, Inc. and XO Communications Services, Inc., hereby move the Commission for an order compelling Qwest Corporation (“Qwest”) to respond to a data request seeking Qwest wire center data as of the end of 2004. That request seeks data that is reasonably calculated to lead to the discovery of admissible evidence, and Qwest should be required to produce that information.

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ARGUMENT

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2 The Commission initiated this Docket in response to a letter from the Joint CLECs and a
3 Petition from Qwest submitted February 15, 2006. Pursuant to the Procedural Order dated June 2,
4 2006, Qwest filed its direct testimony on June 23, 2006.

5 On July 5, 2006, the Joint CLECs propounded their first set of data requests to Qwest. Joint
6 CLEC Data Request 01-044 asked for line count data as was provided in response to Joint CLEC
7 Data Request 01-046 (*which was really Data Request Joint CLEC 01-043*), but updated through
8 March 2005 (or, if March data is not available, through December 31, 2004).

9 Qwest objected and refused to provide the requested data:

10 Qwest objects to this data request on the grounds that it is irrelevant and does
11 not bear upon, or reasonably could lead to matters that bear upon, any issue
12 in this proceeding, especially because Qwest's use of December 2003 data is
13 consistent with the data the FCC analyzed in making its non-impairment
14 decisions in the *TRRO*, and is also the data that was available when the FCC
15 directed Qwest and the other RBOCs to submit the list of wire centers that
16 meet the non-impairment criteria. See e.g., *TRRO*, ¶ 105 ("The BOC wire
17 center data that we analyze in this Order is based on ARMIS 43-08 business
18 lines, plus business UNE-P, plus UNE loops"). The data which formed the
19 basis for the FCC's analysis was ARMIS data from December 2003, which
20 was filed in April 2004. This same data was also what was available on
21 February 4, 2005 when the FCC directed Qwest and the other RBOCs to
22 submit the list of wire centers that meet the FCC's non-impairment criteria.
23 Consequently, the use of December 2003 data is not only appropriate, it is
24 consistent with the FCC's intent to base determinations on "an objective set
25 of data that incumbent LECs already have created for other regulatory
26 purposes." *TRRO*, ¶ 105.

19 A copy of the Joint CLEC Data Request 01-044 (and Request 01-043 for reference) and Qwest's
20 responses thereto are attached as Exhibit A.

21 Qwest has improperly refused to provide the information requested in the Joint CLECs'
22 data requests. The FCC adopted fiber-based collocation and business line counts as the triggers for
23 determining whether impairment exists in a particular wire center. In paragraph 105 of the
24 Triennial Review Remand Order ("TRRO"), the FCC defines business lines as incumbent local
25 exchange carrier ("ILEC") "ARMIS 43-08 business lines, plus business UNE-P, plus UNE-loops."
26 The TRRO did not specify the date on which these counts were to be made, but that order became
27

1 effective on March 11, 2005. The determinations made pursuant to that order, therefore, should be
2 based on data that is contemporaneous with that date.

3 Qwest disagrees and refuses to provide data on the number of business lines that is
4 contemporaneous with the TRRO and has limited the line count information it provides to data as
5 of December 2003 – over one year before the TRRO was issued and became effective. Qwest
6 claims that this is the data that was on file with the FCC when it issued the TRRO and when the
7 Wireline Competition Bureau subsequently requested a listing of the wire centers that satisfied the
8 TRRO’s non-impairment thresholds. That observation, while accurate, is irrelevant. The FCC did
9 not state that its non-impairment test was to be applied to the data that was on file as of the date of
10 the TRRO. Indeed, FCC obviously contemplated that the wire center designations are to be based
11 on the most current data available because the TRRO expressly contemplates future non-
12 impairment designations, which would be meaningless if only 2003 data could be considered.

13 Qwest’s position is particularly disingenuous given that Qwest files its ARMIS reports
14 annually on April 1 – *three weeks* after March 11, the date in 2005 when the TRRO became
15 effective. More current ARMIS data thus was on file with the FCC at virtually the same time as the
16 TRRO became effective, and Qwest unquestionably had the data in an accessible form three weeks
17 before making its FCC filing. At a bare minimum, the Commission should require Qwest to
18 provide business line count data from their April 2005 ARMIS filing reflecting data through
19 December 2004.

20 The Utah Public Service Commission currently is investigating Qwest’s wire center data in
21 Docket No. 06-049-40. The Joint CLECs propounded data requests to Qwest in that docket,
22 including requests similar to Requests 33 and 34. Qwest objected to the requests as irrelevant, and
23 the Joint CLECs filed a motion to compel. The Utah Commission granted the Joint CLECs’
24 motion, finding that the data may be relevant to the wire center designations. A copy of the Utah
25 Commission’s *Order Granting Motion to Compel Discovery* is attached as Exhibit B. Most
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1 recently, in a California wire center proceeding¹, the ALJ ordered AT&T (fka SBC) to provide
2 2004 data to requesting CLECs.

3 The Michigan Public Service Commission has also reached the same conclusion. SBC
4 Michigan ("SBC"), like Qwest, contended that the commission should use 2003 ARMIS data in
5 applying the FCC's non-impairment criteria because that was the data that was publicly available
6 when SBC listed the wire centers as non-impaired and use of later vintage data would be
7 inconsistent with the TRRO. The Michigan Commission rejected those arguments, finding that
8 SBC is required to use data that is as close as possible to the time at which SBC listed the wire
9 center as non-impaired, even if SBC had not yet filed its FCC report:

10 The age of the data must be close enough in time to reflect conditions at the
11 time that SBC claims that the wire center is no longer impaired. In this case,
12 the Commission finds that SBC should have used the 2004 ARMIS data,
13 which was available, even if not fully edited and incorporated in a report to
14 the FCC. The analysis requires using data gathered for ARMIS calculations,
15 not the calculations themselves.²

16 Indeed, BellSouth, another regional Bell operating company, has interpreted the FCC requirements
17 the same way and relies on 2004 ARMIS data for the business line count information it used to
18 initially designate wire centers as non-impaired.³

19 The FCC and this Commission have consistently required that determinations under the Act
20 be based on the most current data available. When describing the wire center data to be used to
21 calculate business lines for determining non-impairment, the FCC expressly referenced its *FCC*

22 ¹ C.06-03-023

23 ² *In the matter, on the Commission's own motion, to commence a collaborative proceeding to*
24 *monitor and facilitate implementation of Accessible Letters issued by SBC MICHIGAN and VERIZON,*
Case No. U-14447, Order at 5 (Sept. 20, 2005) (A copy of the order is attached as Exhibit C).

25 ³ *See, e.g., In re Proceeding to Consider Amendments to Interconnection Agreements Between*
26 *BellSouth Telecommunications, Inc. and Competing Local Providers Due to Changes of Law, NC Utils.*
27 *Comm'n Docket No. P-55, SUB 1549, Order Concerning Changes of Law at 38 (March 1, 2006)*
("BellSouth has updated its wire center results to include December 2004 ARMIS data and the December
UNE loop and UNE-P data so that the most current information is used to establish the wire centers that
satisfy the FCC's tests.").

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1 *Report 43-08 – Report Definition* dated December 2004, obviously contemplating that 2004 (or
2 later) ARMIS data compiled consistent with this report would be used.⁴ Qwest has business line
3 count data available at least as of December 2004, if not March 11, 2005. Qwest’s refusal even to
4 provide such data in response to a discovery request is a strong indication that such
5 contemporaneous data does not support Qwest’s non-impaired wire center designations.

6 The Commission need not decide at this point whether Qwest should be required to use
7 2003 data or 2004 data. Indeed, there may be no issue at all. The 2004 data might support Qwest’s
8 non-impaired wire center designations, and the issue of which vintage data to use would only be
9 academic. Or the 2004 data may support some designations, but not all, which would at least
10 narrow the issue to whether these wire centers can be designated as non-impaired. Consistent with
11 the broad scope of discovery, therefore, the Commission should require Qwest to provide that data
12 in response to the Joint CLECs’ requests.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, the Joint CLECs pray for the following relief:

- 15 A. An order from the Commission compelling Qwest to provide the information that
16 the Joint CLECs have requested in Data Request No. 44; and
17 B. Such other or further relief as the Commission finds fair, just, reasonable, and
18 sufficient.

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⁴ TRRO ¶ 105, n.303.

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RESPECTFULLY SUBMITTED this 26th day of July 2006.

ROSKA DEWULF & PATTEN, PLC

By 
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Attorneys for Covad Communications Company and
Mountain Telecommunications, Inc

Also authorized to sign on behalf of: Eschelon Telecom of
Arizona, Inc., McLeodUSA Telecommunications Services,
Inc. and XO Communications Services, Inc.

Original and 23 copies of the foregoing
filed this 26th day of July 2006 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered/mailed
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By 

EXHIBIT

"A"

Arizona
T-03632A-06-0091, et al.
Joint CLECs 01-044

INTERVENOR: Covad Communications Co., Eschelon Telecom of Arizona, Inc.,
McLeodUSA Telecomm. Services, Inc., and XO Communications Services, Inc.

REQUEST NO: 044

[Brigham Direct] Please provide data similar to what was provided in Joint
CLEC Data Request 01-046 representative of March 2005. If March 2005 data is
not available, please provide this data for end of year 2004.

RESPONSE:

Qwest objects to this data request on the grounds that it is irrelevant and
does not bear upon, or reasonably could lead to matters that bear upon, any
issue in this proceeding, especially because Qwest's use of December 2003
data is consistent with the data the FCC analyzed in making its
non-impairment decisions in the *TRRO*, and is also the data that was available
when the FCC directed Qwest and the other RBOCs to submit the list of wire
centers that meet the non-impairment criteria. See e.g., *TRRO*, ¶ 105 ("The
BOC wire center data that we analyze in this Order is based on ARMIS 43-08
business lines, plus business UNE-P, plus UNE loops"). The data which formed
the basis for the FCC's analysis was ARMIS data from December 2003, which was
filed in April 2004. This same data was also what was available on February
4, 2005 when the FCC directed Qwest and the other RBOCs to submit the list of
wire centers that meet the FCC's non-impairment criteria. Consequently, the
use of December 2003 data is not only appropriate, it is consistent with the
FCC's intent to base determinations on "an objective set of data that
incumbent LECs already have created for other regulatory purposes." *TRRO*, ¶
105.

Respondent: Qwest Legal
Dave Teitzel

Arizona
T-03632A-06-0091, et al.
Joint CLECs 01-043

INTERVENOR: Covad Communications Co., Eschelon Telecom of Arizona, Inc.,
McLeodUSA Telecomm. Services, Inc., and XO Communications Services, Inc.

REQUEST NO: 043

Please provide the following line count information for each wire center in Arizona where Qwest relies upon line counts to determine the "non-impairment" status of a wire center.

- (a) The total number of business lines as defined in 47 C.F.R. § 51.5.
- (b) The date on which the business line counts data was calculated. Note: If different components of the business line counts come from sources representing different points in time, then each component should be identified and the corresponding date for each component provided.
- (c) Total ILEC business switched access lines that Qwest used as a component of part (a).
- (d) If the methodology used to determine the line counts in (c) above differ from the methodology used to determine switched business line counts for ARMIS 43-08, describe the differences and any data that would allow the Commission or participants to reconcile this data, such as was provided to CLECs in the Washington.
- (e) Total UNE Loops for each CLEC that Qwest used as a component to part (a). Provide this data so that the CLEC name is masked. Please provide each CLEC, who is a party to this case, information so that the CLEC can identify its own line counts.
- (f) Number of UNE Loops as a component to part (e), for each CLEC (masked), provided in combination with Qwest switching (e.g. UNE-P, QPP, or other ILEC Commercial arrangement).
- (g) Number of UNE Loops as a component to part (f), for each CLEC (masked), where the ILEC does not provide switching.
- (h) If the sum of the results in part (f) and (g) do not equal (e), please provide additional data, along with a description, so that these counts can be reconciled.
- (i) Please indicate whether the number of loops provided in response to part (f) and (g) include loops used to serve residential customers.
- (j) Please indicate whether the number of loops provided in response to part (g) includes non-switched loops.
- (k) Provide all underlying data, calculations and any description used to count digital access lines on a 64-kbps-equivalent basis for the counts in (f) and (g) above.
- (l) Please verify that line counts associated with remote switch locations are associated with the remote' and not the host switch. If this is not the case, explain why not.

RESPONSE:

- a. See Highly Confidential Exhibit DLT-1 attached to Mr. Teitzel's direct testimony in this docket.
- b. Business line totals shown in Mr. Teitzel's Highly Confidential Exhibit DLT-1 are based on December 2003 data.
- c. See Highly Confidential Exhibit DLT-1 attached to Mr. Teitzel's direct testimony for counts of Qwest business switched access lines as of December 2003 in the Arizona wire centers for which Qwest relied on business access lines to determine non-impairment.
- d. In ARMIS 43-08, Qwest reports the number of circuits attributed to DS1 and DS3s based on the actual channels used by the customer. The methodology dictated by FCC rule for counting DS1 and DS3 circuits under the TRRO is different. Rather than counting the actual number of circuits activated, the FCC rule requires that the count include the full capacity of the DS1 or DS3. Therefore, a DS1 circuit was counted as the equivalent of 24 business lines, and a DS3 was counted as 672 business lines. Qwest removed the ARMIS count of DS1 and DS3, and replaced them with the FCC capacity amount to avoid double counting. Please see HIGHLY CONFIDENTIAL Attachment A for underlying data for Qwest switched business lines in the relevant Arizona wire centers as of December 31, 2003, which shows Qwest switched business lines exactly as they are tracked in the ARMIS data as well as the adjusted TRRO quantity (adjusted to reflect full 24 channel capacity of services utilizing DS1 facilities), which were the quantities Qwest relied upon in its non-impairment analyses in Arizona.
- e. See HIGHLY CONFIDENTIAL Attachment B for a list of UNE and EEL loop counts, as of December 31, 2003, for each CLEC in the relevant Arizona wire centers. As requested, the CLEC names in Attachment B are masked, and each CLEC which is a party to this docket will be provided information to enable the CLEC to identify its own UNE loop count information on the report.
- f. As discussed in Mr. Teitzel's direct testimony from pages 24 through 28, Qwest was required to calculate the number of business UNE-P lines in Arizona by deducting residential white pages listings associated with UNE-P telephone numbers from total UNE-P lines in service as of December 31, 2003. This process was done at the wire center level and was not done by CLEC. Therefore, Qwest is not able to provide UNE-P business lines at the CLEC-specific level. Please see Highly Confidential Exhibit DLT-1 attached to Mr. Teitzel's direct testimony for the count of business UNE-P lines in the relevant Arizona wire centers as of December 31, 2003.
- g. See response to (e) above.
- h. The sum of parts (e) and (f) above represent the total of unbundled loops, EELs and UNE-P business lines as of December 31, 2003 in the relevant Arizona wire centers, as also reflected in Highly Confidential Exhibit DLT-1 in Mr. Teitzel's direct testimony.
- i. The UNE-P business lines identified in subpart (f) above represent only business lines, since this quantity is the product of the process discussed at pages 24 through 28 of Mr. Teitzel's direct testimony. The UNE and EEL loops referenced in subparts (g) and (e) above include all UNE loops in service (regardless of use to which the CLECs put these UNE loops) in the relevant Arizona wire centers as of December 31, 2003 as dictated by the TRRO and associated TRRO implementation rules.
- j) See response (i) above.
- k) Please see HIGHLY CONFIDENTIAL Attachment C for the underlying data and calculations for the conversion of digital DS1 and DS3 UNE-loops/UNE-P lines in the relevant Arizona wire centers to show the quantity of such facilities

on a 64 kbps-equivalent basis. A "TRRO conversion factor" of 24 was used to calculate the number of 64 kbps equivalents within a DS1 facility and a "TRRO conversion factor" of 672 was used to calculate the number of 64 kbps equivalents within a DS3 facility. In Attachment C, the column entitled "TRRO Lines in Service" reflects the product of multiplying physical DS1 and DS3 loops in service by the applicable TRRO conversion factor. The data and calculations shown in Attachment C reflect the full extent of any data and calculations relevant to DS1 and DS3 "voice grade equivalents" in the UNE loop and UNE-P line data addressed in subparts (f) and (g) above.

1) Qwest did not have any host/remote arrangements in the relevant Arizona wire centers as of December 31, 2003.

The proprietary and confidential material provided in response to this data request is competitively-sensitive and includes CLEC-specific information and is provided subject to the Protective Order in this docket.

Respondent: Dave Teitzel

EXHIBIT

"B"

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Investigation into Qwest)
Wire Center Data) DOCKET NO. 06-049-40
) ORDER GRANTING MOTION TO
) COMPEL DISCOVERY
)

ISSUED: May 19, 2006

By The Commission:

On May 3, 2006, Covad Communications Company;, Eschelon Telecom of Utah, Inc.; Integra Telecom of Utah, Inc.; McLeodUSA Telecommunications Services, Inc.; and XO Communications Services, Inc. ("Joint CLECs") filed a Motion to Compel Qwest to Respond to Data Requests ("Motion") seeking Commission order compelling Qwest Corporation ("Qwest") to respond to data requests for wire center data as of the end of 2004.

On May 12, 2006, Qwest filed its Response to the Joint CLECs' Motion to Compel Qwest to Respond to Data Requests ("Response") arguing the data requests to which Qwest objects do not seek data that is relevant to the issues in this case or that is reasonably calculated to lead to the discovery of admissible evidence and asking the Commission to deny the Joint CLECs' Motion.

The data requests which are the subject of the Motion seek information as follows:

REQUEST NO. 031: For each wire center for which Qwest provided line count information in Highly Confidential Exhibit DLT-1 please

DOCKET NO. 06-049-40

- 2 -

provide the information in Joint CLEC Request 01-030 that reflects line counts as of March 2005, if the data is not from this time period already. If March 2005 data is not available, please provide this information for the most recent time period prior to March 2005 and the most recent time period after March 2005 for which the data is available.

REQUEST NO. 033: For each wire center for which Qwest provided line count information in Highly Confidential Exhibit DLT-1, please provide the number of business QPP lines, total UNE-P lines, and business UNE-P lines as Qwest calculates those lines, as of March 11, 2005, or the date prior to and nearest that date if data for March 11, 2005 is not available.

Qwest argues these requests seek to expand the relevant data in this matter beyond Qwest's April 2004 filing of the December 2003 data in Qwest's ARMIS 43-08 annual report to the Federal Communications Commission ("FCC"). According to Qwest, this December 2003 ARMIS data is the data that Qwest provided to the FCC in its initial wire center list and upon which the FCC relied in making wire center non-impairment criteria determinations in its Triennial Review Remand Order ("TRRO"), as well as the data that Qwest submitted to the FCC in February 2006 pursuant to the FCC's request for such data in the TRRO. Qwest argues it should not be required to produce new, additional data different from that which the FCC used to make its fundamental determinations in the TRRO. Finally, Qwest argues providing the updated data requested by the Joint CLECs would add a level of complexity to this matter because if December 2004 ARMIS data were to be used, the process for adding wire centers to the list would need to be determined before the initial list could be finalized. Qwest believes the Commission should validate the original wire center list before it begins to update that validated list.

DOCKET NO. 06-049-40

- 3 -

The Joint CLECs note the Commission need not decide at this point whether Qwest should be required to use 2003 or 2004 data. We agree and conclude that because the requested data may be relevant to our findings in this matter, Qwest should be compelled to provide said data.

Therefore, based upon the foregoing information, and for good cause appearing, the Administrative Law Judge enters this ORDER granting the Joint CLECs' Motion to Compel.

DATED at Salt Lake City, Utah, this 19th day of May, 2006.

/s/ Steven F. Goodwill
Administrative Law Judge

Attest:

/s/ Julie Orchard
Commission Secretary
G#49042

CERTIFICATE OF SERVICE

UM 1251

I hereby certify on this 9th day of June, 2006, true and correct copies of Covad Communications Company's Motion to Compel was served via electronic and U.S. mail on the following parties:

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DAVIS WRIGHT TREMAINE LLP

By: /s/ Jessica A. Gorham

Jessica A. Gorham

EXHIBIT

"C"

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to)
commence a collaborative proceeding to monitor and)
facilitate implementation of Accessible Letters issued)
by SBC MICHIGAN and VERIZON.)

Case No. U-14447

At the September 20, 2005 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER

On July 7, 2005, Covad Communications Company (Covad), a competitive local exchange carrier (CLEC) filed a self certification with SBC Michigan (SBC), asserting that Covad was entitled to unbundled DS1¹ loops pursuant to 47 USC 251(c)(3) at the Dearborn Fairborn wire center, a wire center that SBC had declared unimpaired under the provisions adopted by the Federal Communications Commission (FCC) in the *Triennial Review Remand Order (TRRO)*² and implementing rules. Pursuant to the dispute resolution procedures adopted in the Commission's

¹ Digital Signal Level 1.

² *In the Matter of Unbundled Access to Network Elements, WC Docket No. 04-313 and Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338. (TRO Remand Order), rel'd February 4, 2005.*

March 29, 2005 order in Case No. U-14447, SBC filed its challenge to Covad's certification on July 18, 2005.

On August 8, 2005, Covad and TDS Metrocom, LLC, XO Communications Services, Inc., and Talk America Inc. (the Joint CLECs), filed affidavits in support of Covad's self certification. On August 22, 2005, the Commission received briefs from the following: SBC, Covad, the Joint CLECs, and the Commission Staff (Staff). On August 29, 2005, reply briefs were filed by SBC and Covad.

Legal Framework

47 CFR 51.319(a)(4)(i) provides in part:

Subject to the cap described in paragraph (a)(4)(ii), an incumbent LEC shall provide a requesting telecommunications carrier with nondiscriminatory access to a DS1 loop on an unbundled basis to any building not served by a wire center with at least 60,000 business lines and at least four fiber-based collocators. Once a wire center exceeds both of these thresholds, no future DS1 loop unbundling will be required in that wire center. A DS1 loop is a digital local loop having a total digital signal speed of 1.544 megabytes per second. DS1 loops include, but are not limited to, two-wire and four-wire copper loops capable of providing high-bit rate digital subscriber line services, including T-1 services.

In the *TRRO*, the FCC found that in most instances, CLECs would be impaired in their ability to compete without access to DS1 loops, except in certain circumstances. In reaching this conclusion, the FCC recognized that "stand-alone DS1 loops offer low revenue opportunities and are unlikely to be deployed competitively." *TRRO* ¶ 171. Therefore, the FCC adopted a scheme for determining the availability of high capacity unbundled network element (UNE) loops and dedicated interoffice transport "based upon objective and readily available facts, such as the number of business lines or the number of facilities based competitors in a particular market." *TRRO*, ¶ 234. SBC must provide Covad and other CLECs unbundled access to DS1 loops and transport if the CLEC self certifies that it is eligible to obtain the loops ordered. Thereafter, the

incumbent local exchange carrier (ILEC) may challenge the self certification, but will prevail only where both of two conditions exist: (1) the wire center in question serves more than 60,000 business lines, and (2) there are at least 4 unaffiliated fiber-based collocators at that wire center. *See*, 47 CFR 51.319(a)(4)(i).

The burden of proof is on the ILEC to demonstrate that CLECs are not impaired without access to unbundled DS1 loops at a particular wire center. Unless SBC can demonstrate that the Dearborn Fairborn wire center serves more than 60,000 business lines and houses at least 4 fiber-based collocators, its challenge will fail.

Line Count Issues

1. Current Data Use

The *TRRO* adopts a calculation for business lines based on ARMIS 43-08 business lines, plus UNE-P³ and UNE-L⁴ loops. *Id.*, ¶ 105. SBC argues that its 2003 ARMIS 43-08 line counts, 2003 UNE-P business lines, and all 2003 UNE-L (whether used for business or residential service) should be used.

Covad takes the position that 2003 data is stale and should not be used. It argues that its self certification relates to the state of impairment that exists in the wire center today. Thus, it argues, the timeliness and vintage of the data that is used to resolve the challenge must be the latest data available in order to be relevant to the determination. Covad argues that SBC's data was nearly one and one half years old at the time of Covad's self certification. Covad states that it has obtained more recent wire center data, which it presented in its supporting affidavits.

³ UNE-P refers to the unbundled network element platform, which includes the loop, unbundled local switching, and transport.

⁴ UNE-L refers to an unbundled loop.

Although Covad acknowledges that this issue is not dispositive of the validity of SBC's challenge, it argues that the Commission should provide guidance for the parties that may face challenges in the future. Covad states that its more recent data reflects a significant decrease in business lines, which reflects a decreasing use of switched service through the wire center and shows that SBC cannot meet the 60,000 business line count in the near future (if it actually meets it now). Further, Covad argues, the new data evidences the low likelihood of economic revenue opportunities for CLECs to provide competitive services.

The Staff agrees with Covad that the most recent information available at the time of the CLEC's self certification (in this case June 5, 2005 data) should be used.

The Joint CLECs argue that SBC has created a fundamental mismatch of data by using figures as of December 31, 2003 for the number of lines and more recent data for the number of fiber-based collocators. They argue that to satisfy the FCC test, SBC must demonstrate that the wire center met the requirements of both prongs of the rule at the same time.

The joint CLECs argue that December 31, 2004 data was within SBC's possession, even if not yet tabulated, when SBC filed its challenge to Covad's self certification. These parties argue that SBC should have current data for both parts of the FCC test for the current time period.

SBC argues that the data for determining wire center impairment must be consistent with that available at the time at which SBC listed the wire center as unimpaired. SBC states that it relied upon the most recent ARMIS 43-08 data available, coupled with UNE data and collocation information of the same vintage. SBC argues that the approach suggested by Covad is not consistent with the *TRRO* and would violate federal law.

SBC states that the *TRRO* identified the data to be used for determinations concerning impaired wire centers to be the ARMIS 43-08 report, which is compiled annually and filed with

the FCC. SBC states that it used the most recent data available when it made its determination. It argues that the December 2004 ARMIS 43-08 report and the June 30, 2005 data had not yet been created for other regulatory purposes at that time. In fact, SBC argues that the latter data group will never be used for other regulatory purposes.

SBC argues that there is no doubt that the Dearborn Fairborn wire center exceeded both of the non-impairment thresholds and satisfied the standard for no required DS1 loop unbundling at the time that SBC filed its list of unimpaired wire centers with the FCC. As a result, SBC asserts, it may not be required in the future to provide DS1 loops in that wire center.

The Commission finds that for SBC to meet its burden to challenge a self certification, it must demonstrate that the wire center in question met the two prongs of the 47 CFR 51.319(a)(4) standard when SBC declared the wire center unimpaired. The language of the federal rule explicitly provides that once the criteria have been found to be met, SBC may not be required to provide DS1 loops from that wire center at any future point. The age of the data must be close enough in time to reflect conditions at the time that SBC claims that the wire center is no longer impaired. In this case, the Commission finds that SBC should have used the 2004 ARMIS data, which was available, even if not fully edited and incorporated in a report to the FCC. The analysis requires using data gathered for ARMIS calculations, not the calculations themselves. Once SBC can demonstrate that the wire center served more than 60,000 lines and had more than 4 collocators at the same time, it has met the criteria of 47 CFR 51.319(a)(4)(i).

Because SBC need not demonstrate a continuing state of meeting the criteria of the FCC rule, the fact that either factor is no longer met or may not be met in the near future is irrelevant as to whether SBC must now provide DS1 loops to competitors. The Commission is not free to

establish its own rules with respect to this issue. In the Commission's view, the language in the FCC's order and its rule are not ambiguous or subject to alternate interpretation.

2. Residential Lines

Covad and the Joint CLECs argue that SBC has impermissibly included residential lines in its count of lines for purposes of meeting the standards expressed in 47 CFR 51.319(a)(4). Although SBC removed residential UNE-P lines from this count, it included residential UNE-L lines. The Joint CLECs argue that SBC tacitly admits it can distinguish between UNE-L lines used to serve business customers and those used to serve residential customers. These parties argue that to include residential lines merely inflates the business line count in this wire center.

SBC responds that whether these lines are included in this case is immaterial, because even with the residential UNE-L lines removed from the count, there are still over 60,000 lines served by this wire center. Further, SBC argues, the *TRRO* requires inclusion of all UNE-L lines in the count of business lines. SBC argues that when the FCC created the definition of business line in 47 CFR 51.5, it required the inclusion of "the sum of all UNE loops" connected to that wire center, including UNE loops provisioned in combination with other unbundled elements." *Id.* SBC notes that the staff of the Illinois Commerce Commission (ICC) adopted SBC's position on this issue, concluding that requiring SBC to use a counting method inconsistent with that relied upon by the FCC is tantamount to modifying the FCC's impairment criteria. SBC insists that its method of counting lines is consistent with the *TRRO*, and the arguments supporting modifications to those criteria should be rejected.

The Staff points out that there is no disagreement with regard to UNE-P lines, because SBC removed residential lines from that count. The Staff agrees with Covad that only business UNE-L lines should be counted. Although not all ILECs have the ability to separate out business UNE-L

from residential UNE-L, SBC does have the ability to do so. In the Staff's view, SBC has provided no persuasive argument against using the most accurate information to determine the number of business lines served by the wire center.

The Commission finds that the first sentence of the FCC's rule defining business lines requires that, to be counted as a business line, the line must serve a business customer. The remaining portion of the definition presumes serving a business customer and clarifies that any loop, whether UNE-P, UNE-L, or leased line will be counted when it serves a business customer. SBC admits that it has the information necessary to remove the residential lines from this count and should do so. However, in this case, the residential line count is so small as to not affect the end result of this portion of the analysis.

3. Centrex Lines

SBC takes the position that each Centrex line should be counted as one business line. It argues that the instructions used to determine ARMIS 43-08 line counts provide that each Centrex line be counted as a business line. It points out that the ICC staff recently rejected a similar CLEC proposal to graft a line equivalency factor onto the FCC's rules. SBC states that it appropriately counted Centrex lines in accordance with the FCC's ARMIS reporting instructions.

On the other hand, Covad argues that the number of Centrex lines should be divided by nine (what it terms a Centrex line equivalency factor) to determine the number of business lines. It argues that Centrex service is functionally equivalent to a private branch exchange service, although Centrex requires more connections between the customer premises and the central office. Covad states that for purposes of access charges and universal service counts, the FCC has adopted a one to nine equivalency factor that counts nine Centrex lines as one business line.

Covad admits that the FCC rule defining business lines does not state that the Centrex equivalency factor should be applied. However, Covad argues that the rationale is equally applicable and justified in this proceeding. It argues that a business line is count that does not adjust for the Centrex equivalency factor provides a distorted picture of the actual revenue opportunities in a given wire center.

The Joint CLECs agree with Covad that Centrex lines should be subject to the equivalency factor. They argue that the theoretical merits of applying such a factor here are the same as in other contexts urged before the FCC. Because the rationale and reasoning employed in adopting an equivalency factor should apply equally here, the Joint CLECs urge the Commission to adopt the use of the factor to reduce the line count.

The Staff agrees with SBC that the definition of business lines found in the *TRRO* makes it appropriate to use the well established instructions for determining ARMIS 43-08 line counts to define Centrex lines. Those instructions provide that each Centrex line is counted as one business line.

The Commission finds that the *TRRO* requires that the line count include each Centrex line as one line, without a factor to reduce the number to one ninth. There is no provision in those rules or the *TRRO* that would permit the reduction by the Centrex equivalency factor as proposed by the CLECs. If the parties believe that such an equivalency factor is appropriate for use in the impairment analysis, they must prevail on that argument before the FCC.

Number of Collocators

The resolution of issues related to the number of fiber-based collocators present in the Dearborn Fairborn wire center rests on the definition in 47 CFR 51.5, which provides in relevant part:

Fiber-based collocator. A fiber-based collocator is any carrier, unaffiliated with the incumbent LEC, that maintains a collocation arrangement in an incumbent LEC wire center, with active electrical power supply, and operates a fiber-optic cable or comparable transmission facility that

- (1) Terminates at a collocation arrangement within the wire center;
- (2) Leaves the incumbent LEC wire center premises; and
- (3) Is owned by a party other than the incumbent LEC, except as set forth in this paragraph. Dark fiber obtained from an incumbent LEC on an indefeasible right of use basis shall be treated as non-incumbent LEC fiber-optic cable. Two or more affiliated fiber-based collocators in a single wire center shall collectively be counted as a single fiber-based collocator. For purposes of this paragraph, the term affiliate is defined by 47 USC 153(1) and any relevant interpretation in this Title.

1. Shared Facilities

SBC asserts that it has demonstrated that it has four unaffiliated fiber-based collocators at the Dearborn Fairborn wire center. SBC asserts that Covad and the Staff attempt to read into this definition a requirement that a fiber-based collocator own its own fiber-optic or equivalent transmission facility. Rather, SBC argues, the controlling fact is whether the party operates a fiber-optic or comparable transmission facility, something SBC claims that all of its counted fiber-based collocators do. In the *TRRO*, the FCC stated: "We define fiber-based collocation simply. For purposes of our analysis, we define fiber based collocation as a competitive carrier collocation arrangement, with active power supply, that has a non-incumbent LEC fiber-optic cable that both terminates at the collocation facility and leaves the wire center." *Id.*, ¶ 61.

Covad argues that one of the collocators included on SBC's list of fiber-based collocators does not operate its own fiber-optic cable that terminates in and leaves the ILEC wire center. It argues that despite SBC's claim that certain facts are undisputed, SBC cannot show that this carrier operates a fiber-optic cable that both terminates at the collocation arrangement within and leaves the wire center. Rather, it argues, SBC is only able to show that this collocator has cross connected to a fiber of another fiber-based collocator on SBC's list. Covad asserts that a cross connect is not the same as operating a cable that terminates within and leaves the wire center.

Moreover, Covad argues, SBC has failed to demonstrate that the collocator uses the fiber pursuant to an indefeasible right of use arrangement, which might be counted as a fiber-based collocator. Covad insists that SBC has failed to meet its burden of proof that this cross-connected collocator meets the FCC definition of a fiber-based collocator. Moreover, Covad argues, the FCC required at least four fiber-based collocators to ensure that there would be multiple competitive fiber rings. Covad states that such fiber rings reduce dependency on the incumbent's facilities and establish the economic opportunity to provide service within the wire center.

The Joint CLECs agree with Covad on this issue. The Joint CLECs assert that counting the one fiber facility as two fiber-based collocators results in double counting, and is directly contrary to the plain language and intent of the *TRRO*. They argue that the *TRRO* provides that each collocator must maintain a collocation arrangement and operate a fiber-optic cable that terminates within the wire center and leaves the wire center. However, the Joint CLECs state, this collocator does not have an entrance fiber at its space or entrance fiber leaving the wire center. Rather, this collocator is connected to another collocation arrangement of a fiber-based collocator on SBC's list. Thus, the Joint CLECs argue, SBC is misapplying the rule when it attempts to treat such a provider as a fiber-based collocator when it does not operate a fiber optic cable. They argue that

the FCC contemplated that, to be counted, collocators should actually deploy and operate their own network facilities. It is the duplicity of deployment, the Joint CLECs argue, that the FCC held would demonstrate the competitive nature of the wire center and availability of multiple fiber rings.

The Staff agrees that counting two fiber-based collocators, where a CLEC shares the collocation facilities of a fiber-based collocator, impermissibly double counts collocators. In the Staff's view, each counted fiber-based collocator must have entrance and exit facilities. During an on-site visit, the Staff states, it was unable to identify four fiber-based collocators as defined by 47 CFR 51.5. Thus, it states, only one of these two collocators should count for purposes of the impairment analysis.

The Commission agrees with Covad, the Joint CLECs, and the Staff that SBC has failed to meet its burden to demonstrate that there are at least four fiber-based collocators at the Dearborn Fairborn wire center. The arrangement in which one CLEC cross connects to the facilities of another CLEC that is a fiber-based collocator does not increase the number of fiber-based collocators for purposes of this analysis. *See* 47 CFR 51.5. Contrary to SBC's arguments, the issue is not ownership, but rather control and operation of fiber facilities. There is no support for finding that this arrangement includes fiber to the collocation cage of the CLEC that cross-connects to the CLEC that does control and operate fiber facilities. Because there are only three fiber-based collocators at the Dearborn Fairborn wire center, the wire center is impaired and Covad is entitled to have its orders for DS1 loops filled.

2. Affiliates

For purposes of this analysis, SBC treated AT&T Communications of Michigan, Inc. (AT&T), as an unaffiliated fiber-based collocator.

Covad asserts that AT&T should be considered an affiliate of SBC. It argues that SBC's position, that the two cannot be considered affiliate, until and unless the SBC/AT&T merger is completed, must be rejected. Covad asserts that the definition of affiliate adopted by the FCC for purposes of 47 CFR 51.5 is that provided in 47 USC 153(1), which provides:

The term "affiliate" means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than 10 percent.

Covad argues that this definition permits affiliation to be shown either by ownership or control, whether directly or indirectly. It asserts that the January 2005 merger agreement, approved by both companies' shareholders, and both parties having sought approval of the merger should be sufficient to meet the FCC's broad definition.

The Joint CLECs agree with Covad and argue that an entity does not need to be directly owned to be an affiliate. Rather, they argue, the definition of affiliation includes any entity directly or indirectly controlled by another, regardless of any ownership share. They argue that the affidavit of Jason Wakefield and Michael Sharkey on behalf of Covad shows a substantial relationship between SBC and AT&T, sufficient to establish, at a minimum, indirect control and, thus, an affiliation between SBC and AT&T. They insist that the facts stated in Covad's affidavit indicate that AT&T's regulatory activity has dramatically dropped since the June 30, 2005 shareholder approval of the merger agreement and both companies have been acting in concert. Moreover, the Joint CLECs argue, the fact that AT&T could not operate successfully as an independent company speaks of the lack of robust competition. The Joint CLECs state that any reliance upon AT&T as an unaffiliated collocator should be rejected.

SBC responds that counting AT&T as an affiliate of SBC is inconsistent with the facts and applicable law. It argues that affiliation under 47 USC 153(1) does not turn on Covad's

interpretation of AT&T's regulatory strategies, or whether 31 of 36 state commissions have approved the merger. An agreement, which, if consummated, would result in AT&T becoming and affiliate of SBC is not the same thing as affiliation. SBC quotes the ICC staff statement that "Unless the agreement is consummated, SBC does not own or control, is not owned or controlled by, and is not under common ownership or control with, another person." SBC argues that compliance with federal law necessary to complete the merger is not a mere formality.

The Staff agrees with SBC's position that AT&T should not be considered an affiliate for purposes of this analysis. In the Staff's view, the claim that SBC and AT&T are not currently affiliated is irrefutable. The Staff states that until the companies are legally affiliated, they should not be treated as such. The Staff states that the FCC intended to have impairment determinations based on objective and readily obtainable facts. Thus, it argues, to open this issue to a different interpretation would be contrary to the FCC's chosen framework.

The Commission finds that this issue is not dispositive of whether the Dearborn Fairborn wire center is impaired under the analysis dictated by the FCC in the *TRRO* and implementing rules. The Commission declines to find on this record that AT&T should be considered an affiliate of SBC. This issue would benefit from more instruction from the FCC as to what it meant by the "indirectly controlled" portion of the analysis. It is apparent that AT&T and SBC have acted in concert to effectuate their agreement to merge. The FCC's definition of an affiliate seems to be broader than the normal legal definition of that term. If the FCC intended that an as yet incomplete merger should be found to establish an affiliate relationship, it may have the opportunity to speak on that issue before, if ever, it arises again at this Commission. However, without such instruction, the Commission will not find that AT&T is an affiliate of SBC until the merger is complete.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 *et seq.*; the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 USC 151 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*

b. SBC's challenge to Covad's self certification concerning the Dearborn Fairborn wire center should be denied, as the wire center is impaired under the analysis established in the *TRRO*.

THEREFORE, IT IS ORDERED that SBC Michigan's challenge to Covad Communications Company's self certification concerning the Dearborn Fairborn wire center is denied.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of September 20, 2005.

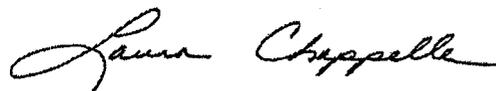
/s/ Mary Jo Kunkle
Its Executive Secretary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

By its action of September 20, 2005.



Its Executive Secretary