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CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

IN THE MATTER OF INVESTIGATION )  
INTO U S WEST COMMUNICATIONS, ) Docket No. T-00000A-00-0194  
INC.'S COMPLIANCE WITH CERTAIN )  
WHOLESALE PRICING REQUIREMENTS ) U S WEST'S RESPONSE TO  
FOR UNBUNDLING NETWORK ) PROPOSED PHASE APPROACH SET  
ELEMENTS AND RESALE DISCOUNTS ) FORTH BY AT&T, TCG PHOENIX,  
MCI WORLDCOM AND SPRINT

I. INTRODUCTION

U S WEST Communications, Inc. ("U S WEST") submits the following response to the comments of AT&T, TCG Phoenix, MCI Worldcom and Sprint (the "IXCs"). U S WEST agrees that the FCC's recent UNE Remand Order and Line Sharing Order identified new unbundled network elements (UNEs) for which the Commission has not yet set rates pursuant to Section 252(d)(1) of the Act. The IXCs' proposal, however, goes well beyond a request to price new UNEs. The IXCs ask that the Commission reopen its original cost docket for the purpose of redetermining 252(d)(1) rates for the unbundled loop, subloop and resale discounts. U S WEST does not believe that it is appropriate for the Commission to reopen the cost docket (which is still on appeal) and relitigate rates that the Commission has already set.

1 U S WEST does recognize that the new docket should address  
2 the new UNE rates. Doing this in a "phased approach," as  
3 recommended by the IXCs, is also acceptable to U S WEST  
4 especially given impending deadlines for setting certain rates.  
5 To avoid confusion, the Commission should conduct a procedural  
6 conference before scheduling testimony deadlines for each hearing  
7 to be conducted so that the issues to be covered can be  
8 specifically identified and so that differences between the  
9 parties as to particular issues can be addressed.

10 For example, with certain exceptions, U S WEST does not  
11 believe that SGAT terms and conditions should be addressed in  
12 this proceeding. In the Commission's section 271 docket, the  
13 Commission is already addressing most of the terms and conditions  
14 of the SGAT and those terms and conditions should not be  
15 addressed twice. There are, however, already a few items that  
16 the parties agreed fall outside of Section 271 and need to be  
17 addressed in a separate docket. Given that U S WEST's proposed  
18 new UNE rates are set forth in the SGAT (filed April 7, 2000), it  
19 would make sense to resolve these limited policy issues in this  
20 docket as well.

21 Thus, U S WEST recommends that the next phase of this docket  
22 should be divided into three parts to address the following three  
23 groups of related topics:

- 24
- 25 1. PART 1: DS1 and DS3 capable loops, shared  
transport, dark fiber, custom routing.
  - 26 2. PART 2: Line Sharing and collocation.



1 divergent. As a result, the only fair way to price this item is  
2 on an individual case basis ("ICB"). Moreover, the D.C. Circuit  
3 Court of Appeals vacated Paragraph 42 of the FCC's Collocation  
4 Order, the very paragraph that the IXCs rely upon for this  
5 proposition. The court held that the "sweeping language in  
6 paragraph 42 of the Collocation Order . . . goes too far and thus  
7 'diverges from any realistic meaning of the statute.'"

8 **B. Loops/Subloops**

9 As stated before, the Commission already set rates for the  
10 loop and subloop elements in the initial cost docket. The IXCs  
11 ask the Commission to reopen this docket and reprice these  
12 elements. There is simply no reason to do so. Furthermore, all  
13 five of the reasons the IXCs give for revisiting the unbundled  
14 loop rate are erroneous. (See IXC Comments, pp. 6-7). First, the  
15 Commission followed the FCC pricing rules when setting those  
16 rates. Second, as the parties' testimony in the first phase of  
17 this docket demonstrates, it is possible to deaverage rates  
18 without resetting the loop rate. Third, the sale of exchanges to  
19 Citizens has not taken place and it is not yet known whether that  
20 sale will in fact take place. Fourth, it is inevitable that cost  
21 studies will be prepared at different times and will be based on  
22 slightly different inputs. (For example, the sale of exchanges  
23 to Citizens will result in approximately 4% less loop investment  
24 and a 5% decrease in access lines). Finally, that cost studies  
25 may be based on data that is not completely up to date, does not  
26

1 mean that the cost studies are inaccurate. With TELRIC the cost  
2 studies must be forward looking and by their nature are not  
3 heavily dependent upon historical information.

4 **C. High Capacity Loops**

5 Although the Commission set rates for the 2-wire and 4-wire  
6 loops, it did not set rates for DS1 and DS3 capable loops. The  
7 UNE Remand Order identifies these as new UNEs. Thus, U S WEST  
8 agrees that the docket should resolve the 252(d)(1) rates for DS1  
9 and DS3 capable loops.

10 **D. NIDs**

11  
12 The IXCs assert that because the FCC changed the definition  
13 of NID, the Commission should revisit this issue and set new  
14 rates for the NID. There is no need for such action. The FCC  
15 changed the definition of NID to ensure that ILECs did not use  
16 the previous definition to prevent access to facilities that did  
17 not use a traditional NID. See UNE Remand Order at ¶ 234. The  
18 NID rate set in the original cost docket is acceptable as is.

19 **E. EEL**

20 In the UNE Remand Order, the FCC stated that U S WEST need  
21 not offer circuit switching as a UNE in "density zone one of the  
22 top 50 MSAs" throughout the country. The Phoenix/Mesa MSA is one  
23 of the top 50 MSAs. Two central offices fall within density zone  
24 one - Phoenix Main and Phoenix North. To take advantage of this  
25 UNE exception, U S WEST must offer enhanced extended link (EEL)  
26 to CLECs out of these two wire centers. However, there is no

1 need to set rates for EELs. An EEL is simply a combination of  
2 DS1/DS3 unbundled loop, multiplexing/concentrating equipment and  
3 unbundled dedicated interoffice transport. See UNE Remand Order  
4 at ¶ 477. Once the Commission sets the rate for high capacity  
5 loops, the Commission will have already set rates for these  
6 items. The Commission has already set rates for these items in  
7 the original cost docket.

8 **F. Directory Assistance and Operator Services**

9 In the UNE remand Order, the FCC found that the "the  
10 existence of multiple alternative providers of OS/DA service in  
11 the marketplace, coupled with evidence of competitors' decreasing  
12 reliance on incumbent OS/DA services, demonstrates that  
13 requesting carriers' ability to provide the services they seek to  
14 offer is not materially diminished without access to the  
15 incumbent's OS/DA service on an unbundled basis." UNE Remand  
16 Order at ¶ 449. Thus, the FCC found that the "growing OS/DA  
17 marketplace, embraces a deregulatory approach." Id. at ¶ 441.  
18 Thus, U S WEST is entitled to charge market rates for OS/DA. It  
19 is not the province of the Commission to set market rates; the  
20 market sets market rates.

21 The IXCs, however, also request that the Commission set  
22 252(d)(1) rates for Customized Routing, which is contained in the  
23 SGAT, Section 9.12. U S WEST has no objection to the Commission  
24 pricing this element.

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**G. Dark Fiber, Shared Transport, Signaling and Call Related Databases**

U S WEST agrees that the docket should resolve the 252(d)(1) rates for these new items. These items are set forth in the SGAT in Sections 9.7, 9.8, 9.13-9.17, and 10.2.

**H. Special Access Circuits**

In a Supplement to the UNE Remand Order, the FCC held that U S WEST need not convert special access circuits to UNE Combinations unless the circuit is carrying a "significant amount of local exchange traffic." The IXCs recognize this holding yet mysteriously request that certain rates be set nonetheless. The Commission has already set rates for unbundled interoffice dedicated transport (UDIT) and multiplexing. U S WEST has already requested that rates be set for DS1 and DS3 capable loops; therefore, no additional rates need to be set.

**I. Line Sharing**

U S WEST agrees that line sharing rates should be set by the Commission. U S WEST, however, disagrees with how the IXCs characterize certain aspects of the rates. Specifically:

- 1. When CLECs request a "shared loop", U S WEST is constitutionally entitled to fair compensation.
- 2. As to OSS, U S WEST has worked with several CLECs throughout its region over the past several months on the appropriate changes that U S WEST should make to its OSS to accommodate line sharing. Much of this work will be performed by Telcordia, a

1 third-party vendor. The cost of the work of  
2 Telcordia alone, will well exceed \$5.0 million.

3 3. As to line conditioning, the IXC's state that line  
4 conditioning is a "feature, function and  
5 capability" of the loop and thereby suggest that  
6 U S WEST is not entitled to recover for line  
7 conditioning. Such a suggestion would be  
8 inaccurate. In the UNE Remand Order and Line  
9 Sharing Order, the FCC made plain that U S WEST is  
10 entitled to recover 252(d)(1) rates for line  
11 conditioning even if the loop to be conditioned is  
12 less than 18,000 feet long.

13 4. The Commission has already set rates for  
14 conditioning loops.

15 Again, U S WEST encourages the Commission to price line sharing  
16 and collocation in the same phase because many of the rates for  
17 both are identical.

#### 18 **J. Reciprocal Compensation**

19 In the Arizona 271 docket, U S WEST and the IXC's have  
20 discussed reciprocal compensation in great detail. Although the  
21 parties were generally able to work out their differences as to  
22 the other six checklist items considered to date, reciprocal  
23 compensation led to five disputed issues. Those issues will be  
24 presented to the Hearing Division in the near term for  
25 resolution. In their proposal, the IXC's list three of the  
26 disputed issues. The IXC's are apparently trying to get two bites  
at the apple by litigating the issues again in this docket. The  
Commission's March 31, 1999 Procedural Order (Docket T-01051B-99-  
0068) states that "[a]ny review and approval of an SGAT for

1 section 271 purposes shall be conducted within the context of  
2 U S WEST's pending Section 271 application docket."

3 Of course, to the extent that the Commission resolves the  
4 disputed issues in the 271 docket and the net effect is that a  
5 new rate needs to be set, U S WEST could have no objection to  
6 including that aspect of the case into Phase 4 of this docket.  
7 It is inappropriate, however, to argue legal issues that are  
8 already a part of the 271 docket here.

9  
10 DATED this 5th day of May, 2000.

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