



0000096661

ORIGINAL

30 SM

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman

Arizona Corporation Commission

2002 JAN 23 P 4: 15

JIM IRVIN

DOCKETED

Commissioner

MARC SPITZER

JAN 23 2002

Commissioner

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

DOCKETED BY 

IN THE MATTER OF INVESTIGATION INTO) DOCKET NO. T-00000A-00-0194
QWEST CORPORATIONS' COMPLIANCE WITH)
CERTAIN WHOLESALE PRICING)
REQUIREMENTS FOR UNBUNDLED NETWORK)
ELEMENTS AND RESALE DISCOUNTS.)

STAFF'S LIST OF ADDITIONAL UNRESOLVED ISSUES

I. Introduction

By Procedural Order dated January 15, 2002, the Commission asked the parties to file a Joint List which "addresses issues that the parties believe were not addressed in the November 8, 2001 Recommended Opinion and Order or were not clear from the text of that Order." In response, the parties¹ have prepared a "Joint List of Unresolved Rates." AT&T has agreed to file this List on behalf of the parties.

Staff believes that by resolving and/or clarifying a few underlying "issues," many of the rates identified may be addressed as well. For example, the Recommended Opinion and Order ("ROO") does not address the material costs to be used as inputs to the models (other than the HAI model), and resolving this issue alone will allow parties to calculate the costs and rates for several services.

Finally, it was also decided that each party would file its own list of additional rates or issues where agreement could not be reached to include the issue[s] on the Joint List. Following is Staff's list of additional issues which Staff believes also needs resolution and/or clarification.

...

...

¹ The parties include Qwest Corporation ("Qwest"), Staff, AT&T Communications of the Mountain States ("AT&T") and WorldCom.

1 **II. Staff's List of Additional Unresolved Issues**

2 Staff's list of additional issues is the same as previously presented in the Staff's
3 Exceptions to the Administrative Law Judge's ("ALJ's") December 12, 2001 ROO. (Staff's Dec.
4 12 Exceptions). A short discussion of each issue follows:

5 **1. Terminal and Splice Inputs for the HAI Model.**

6 The "terminal and splice" investment default inputs in the HAI model are \$42.50
7 for buried, and \$32.00 for aerial. In the prior proceeding, Docket No. U-3021,96-448 et al., the
8 ACC had determined that the investment for these items should be \$70.00 per line. The ROO in
9 this proceeding does not specifically address this issue. See page 1 of Staff's December 12
10 Exceptions for the details, citations and Staff's recommendation on this issue.

11 **2. Calculation of the Four-Wire Costs.**

12 Another issue not addressed in the ROO is how to calculate the four-wire costs
13 once the two-wire costs have been determined by the HAI. See page 2 of Staff's December 12
14 Exceptions for the details, citations and Staff's recommendation on this issue.

15 **3. The Rates for Loops that Are not Calculated in the HAI Model.**

16 The HAI model calculates the cost for two-wire loops. However, it does not
17 calculate the cost for "DS1 Capable" or "DS3 Capable" loops. See page 2 of Staff's Dec. 12
18 Exceptions for the details, citations and Staff's recommendation on this issue.

19 **4. Material Costs.**

20 Material costs were used as inputs in the cost studies for collocation rates, line
21 sharing rates, and CLEC-to-CLEC rates. These material costs were disputed. However, the ROO
22 does not address the material costs to be used in these cost studies. Qwest generally based its
23 material cost inputs on the material costs of 41 "actual" collocation jobs. (Exhibit Qwest-8,
24 pages 50 and 81). In this proceeding, Staff and some other parties contended that the material
25 costs based on those 41 collocation jobs were unrepresentative, since all of those 41 jobs were
26 performed by outside vendors (Exhibit Qwest-8, page 58), whereas the vast majority
27 (approximately 80%) of the actual Qwest collocation jobs are done by Qwest (QTI) personnel.
28 (Exhibit Staff-11, Tr. 471-475). See page 3 of Staff's December 12 Exceptions for the details,

1 citations and Staff's recommendation on this issue.

2 **5. Engineering Costs.**

3 Many of Qwest's cost studies include Qwest estimates of engineering costs. On
4 pages 39-40, the ROO discusses Qwest's proposed charge for "engineering." It is not clear
5 whether the discussion on pages 39 and 40 applies to only one specific engineering charge. If so,
6 what "engineering" costs should be used in the numerous other locations in which Qwest has
7 included engineering costs. See page 2 of Staff's Dec. 12 Exceptions for the details, citations and
8 Staff's recommendation on this issue.

9 **6. Engineering on Line Sharing.**

10 Qwest proposed a charge which includes the cost of engineering a "bay". Qwest
11 would apply this charge each time a CLEC required even one "shelf." However, there are eight
12 "shelves" in a "bay". Therefore, Staff proposed that a lower engineering fee apply when an
13 additional shelf is added in an existing bay, since that bay would already exist. The ROO did not
14 address this issue. See pages 5 and 6 of Staff's December 12 Exceptions for the details, citations
15 and Staff's recommendation on this issue.

16 **7. Power Cables.**

17 As indicated in the ROO, WorldCom argued that Qwest's cost studies overstate
18 the length of power cable. (ROO, p. 43) While the ROO recognizes cable lengths were at issue,
19 the ROO does not resolve the proper cable length to be used in the cost models in this
20 proceeding. See page 6 of Staff's Dec. 12 Exceptions for the details, citations and Staff's
21 recommendation on this issue.

22 **8. Further Clarification of the Non-Recurring Charges.**

23 Page 32 of the ROO states:

24 We believe that the CLEC sponsored NRC model properly
25 recognizes the efficiency that will occur in a forward-looking
26 network, and we, therefore, adopt the CLEC model in this
proceeding.

27 ...

28 ...

1 Qwest is utilizing a narrow interpretation of this statement. Qwest is proposing
2 that the Qwest proposed NRCs apply, except for the NRCs that specifically appear on
3 intervenors' Exhibit RL-2 of Mr. Lathrop. Staff proposes that for those NRCs not specifically
4 addressed on Exhibit RL-2 of Mr. Lathrop, non-recurring charges should be consistent with the
5 ROO's adoption of the CLEC NRC model. See pages 6 and 7 of Staff's Dec. 12 Exceptions for
6 the details, citations and Staff's recommendation on this issue.

7 **9. Related NRC Issue.**

8 The ROO adopts Mr. Lathrop's NRCs for connecting DS1 and DS3 interoffice,
9 but is silent on similar charges for DSO, OC-3 and OC-12. Qwest contends that the charges for
10 these connections should be in excess of \$300.00. To prevent anomalous charges, Staff
11 recommends that the \$7.60 installation and \$0.53 disconnection fee that the ROO already adopts
12 apply consistently by all of these connections. See page 7 of Staff's December 12 Exceptions for
13 the details, citations and Staff's recommendation on this issue.

14 **10. Common Overhead Factors in Cost Studies other than the HAI Model.**

15 For the HAI model, the ROO adopted the HAI model's default 10.4 percent
16 overhead factor. (ROO, p. 21) However, no direction is given as to what overhead factors
17 should be used in the models other than the HAI model (such as the collocation, line sharing, and
18 CLEC-TO-CLEC models). The ROO needs to specify what markup over direct costs should be
19 included in the models other than the HAI model. See page 8 of Staff's Dec. 12 Exceptions for
20 the details, citations and Staff's recommendation on this issue.

21 **11. Miscellaneous and Minor Charges.**

22 After the above items are discussed, there are still several miscellaneous items or
23 specific rates that are not addressed in the ROO. Please see pages 9 and 10 of Staff's
24 December 12 Exceptions for the details, citations and Staff's recommendation on this issue. On
25 page 10 of those Staff Exceptions, Staff proposes a general solution for the miscellaneous rates.

26 **III. Conclusion**

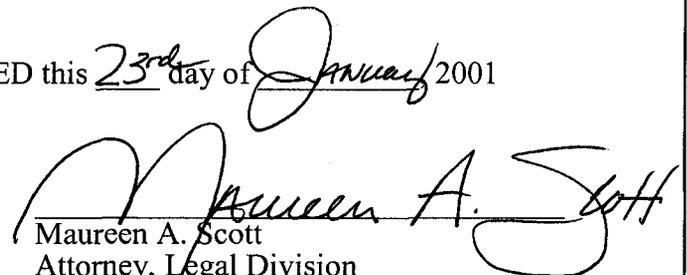
27 The above issues must be resolved before any affected rates can be calculated. For
28 example, the material cost issue must be resolved before we will know what material costs to

1 utilize in the collocation, line sharing, and CLEC-to-CLEC cost studies.

2 The above issues impact a large number of rates. On December 19, 2001, Staff filed its
3 "Compliance Pricing Proposal." The last column of that document contains footnotes that
4 identify those issues that need to be resolved before each specific rate could be properly
5 calculated.

6 In summary, there are a large number of rates that cannot be properly calculated until the
7 above issues are addressed. Once those issues are addressed, the specific rates can be properly
8 determined.

9 RESPECTFULLY SUBMITTED this 23rd day of January 2001

10
11 
12 Maureen A. Scott
13 Attorney, Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007
17 (602) 542-3402

18 The original and ten (10) copies of the foregoing
19 were filed this 23rd day of January, 2002 with:

20 Docket Control
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Copies of the foregoing were mailed/hand-delivered
25 this 23rd day of January, 2002 to:

26 Jon Poston
27 Arizonans for Competition in Telephone
28 Service
6733 East Dale Lane
Cave Creek, Arizona 85331-6561

Mary E. Steele
Davis-Wright-Tremaine
2600 Century Square
1505 - 4th Avenue
Seattle, WA 98101-1688

Richard S. Wolters
AT&T Communications of the
Mountain States, Inc.
1875 Lawrence Street, Room 1575
Denver, CO 80202-1847

Joan Burke
Osborn Maledon, P.A.
2929 N. Central Avenue, 21st Floor
Phoenix AZ 85067-6379

1 Gregory Kopta
Davis Wright Tremaine
2600 Century Square
2 1501 Fourth Avenue
Seattle, WA 98101-1688
3
4 Drake Tempest
Qwest Communications
555 Seventeenth Street
5 Denver, CO 80202
6 Kathryn E. Ford
QWEST COMMUNICATIONS, INC.
7 1801 California Street, Suite 4900
Denver, CO 80202
8
9 Timothy Berg
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
10 Phoenix, AZ 85012
11 Michael W. Patten
Roshka Heyman & DeWulf
12 One Arizona Center
400 East Van Buren, Suite 800
13 Phoenix, AZ 85004
14 Jeffrey W. Crockett
Jeffrey B. Guldner
15 Snell & Wilmer L. L. P.
One Arizona Center
16 Phoenix, AZ 85004-2202
17 Steve Sager
McLeodUSA
18 215 S. State Street, 10th Floor
Salt Lake City, Utah 84111
19 Rex Knowles
20 Nextlink Communications
111 East Broadway, Suite 1000
21 Salt Lake City, Utah 84111
22 Michael Grant
Todd C. Wiley
23 GALLAGHER & KENNEDY
2575 E. Camelback Road
24 Phoenix, AZ 85016-9225
25 Thomas H. Campbell
LEWIS & ROCA
26 40 N. Central Avenue
Phoenix, AZ 85007
27
28

Thomas F. Dixon, Jr.
MCI WORLDCOM
707 17th Street
Denver, CO 80202

Eric S. Heath, Esq.
SPRINT COMMUNICATIONS CO., L.P.
100 Spear Street, Suite 930
San Francisco, CA 94105

Scott S. Wakefield
RUCO
2828 N. Central Avenue, Suite 1200
Phoenix, AZ 85004

Timothy Peters
ELECTRIC LIGHTWAVE, INC.
4400 NE 77th Avenue
Vancouver, WA 98668

Douglas Hsiao
RHYTHMS LINKS, INC.
6933 S. Revere Pkwy.
Englewood, CO 80112

NEW EDGE NETWORKS
P.O. Box 5159
3000 Columbia House Blvd.
Vancouver, WA 98668

Andrea Harris, Sr. Mgr.
ALLEGIANCE TELECOM INC. OF AZ
2101 Webster, Suite 1580
Oakland, CA 94612

K. Megan Doberneck
COVAD COMMUNICATIONS
4250 Burton Street
Santa Clara, CA 95054

Traci Grundon
DAVIS, WRIGHT TREMAINE L.L.P.
1300 S.W. Fifth Avenue
Portland, OR 97201
Attorneys for Nextlink, Inc., & ATG, Inc.

Marti Allbright, Esq.
Mpower Communications Corp.
5711 South Benton Circle
Littleton, Colorado 80123

Dennis D. Ahlers, Sr. Attorney
Eschelon Telecom, Inc.
730 Second Ave. South, Ste 1200
Minneapolis, MN 55402

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

Janet Livengood, Reg. VP
Z-Tel
601 S. Harbour Is. Blvd.
Tampa, FL 33602

Michael B. Hazzard
Kelley Drye & Warren LLP
1200 - 19th St., NW 5th Fl.
WA DC 20036

Ray Heyman
Roshka-Heyman & DeWulf
One Arizona Center
400 East Van Buren, Suite 800
Phoenix, AZ 85004

Gregory Hoffman
795 Folsom Street, Rm. 2159
San Francisco, CA 94107-1243

By: 
Assistant to Maureen A. Scott

Kevin Chapman
Director-Regulatory Relations
SBC Telecom, Inc.
300 Convent Street, Room 13-Q-40
San Antonio, TX 78205

Thomas H. Campbell
LEWIS & ROCA
40 N. Central Avenue
Phoenix, AZ 85004

Brian Thomas
Vice-President Regulatory-West
Time Warner Telecom, Inc.
520 S.W. 6th Avenue, Suite 300
Portland, Oregon 97204